

2021 INTERIM REPORT

# EVERGRANDE

PROPERTY SERVICES GROUP LIMITED

恒大物業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

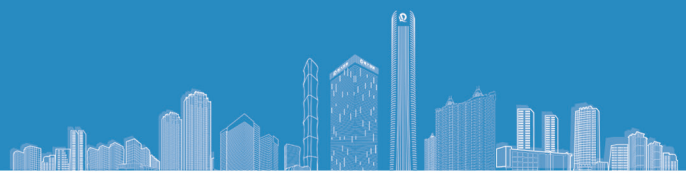
Stock Code : 6666





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# Corporate Information

## Board of Directors

### Executive Directors

Mr. Zhen Litao (*Chairman*)  
Mr. Zhao Changlong (*Deputy Chairman*)  
Mr. Hu Liang  
Mr. Wang Zhen  
Ms. An Lihong

### Independent Non-executive Directors

Mr. Chan Chun Hung, Vincent  
Mr. Victor Huang  
Mr. Guo Zhaohui

## Audit Committee

Mr. Victor Huang (*Chairman*)  
Mr. Chan Chun Hung, Vincent  
Mr. Guo Zhaohui

## Remuneration Committee

Mr. Guo Zhaohui (*Chairman*)  
Mr. Victor Huang  
Mr. Hu Liang

## Nomination Committee

Mr. Zhen Litao (*Chairman*)  
Mr. Chan Chun Hung, Vincent  
Mr. Guo Zhaohui

## Authorized Representatives

Mr. Zhao Changlong  
Mr. Fong Kar Chun, Jimmy

## Company Secretary

Mr. Fong Kar Chun, Jimmy

## Headquarters and Principal Place of Business in the PRC

Third Compartment of Room 3101  
No. 78, Huangpu Ave West  
Tianhe District  
Guangzhou  
Guangdong, PRC.

## Principal Place of Business in Hong Kong

23rd Floor, China Evergrande Centre  
38 Gloucester Road  
Wanchai  
Hong Kong

## Registered Office

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

## Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## Hong Kong Share Registrar

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

## **Auditors**

PricewaterhouseCoopers  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*

## **Legal Advisers**

Sidley Austin

## **Principal Banks**

Bank of China Limited  
China CITIC Bank Corporation Limited  
Agricultural Bank of China Limited  
Industrial and Commercial Bank of China Limited  
China Construction Bank Corporation  
Shanghai Pudong Development Bank Co., Ltd.

## **Stock Code on Main Board of the Stock Exchange of Hong Kong Limited**

6666

## **Company's Website**

[www.evergrandeservice.com](http://www.evergrandeservice.com)



# Awards and Recognition

In April 2021, Evergrande Property Services Group Limited (“**Evergrande Property**” or the “**Company**”, together with its subsidiaries, the “**Group**”) was awarded “Top 100 China Property Management Companies in 2021”, “Top 10 of Top 100 China Property Management Companies in Service Scale in 2021”, “Leading Company of the Top 100 China Property Management Companies in Service Quality in 2021”, “Top 10 of Top 100 China Property Management Companies in Operating Performance in 2021”, “Leading Company of the Top 100 China Property Management Companies in Customer Satisfaction in 2021” and “Leading Property Management Companies with Chinese Characteristic – Leading Enterprise of Smart Living Services in 2021” by China Index Academy.

In May 2021, Evergrande Property was awarded “Outstanding China’s Listed Property Management Companies with Investment Value in 2021”, “Top 10 China’s Listed Property Management Companies by Overall Strength in 2021” by China Index Academy, “Top 10 China’s Listed Property Management Companies in 2021”, “Top 100 China Property Management Companies by Brand Value in 2021”, “China Property Management Companies with Brand Characteristic in 2021 – Technology Leads Smart Life”, “China’s Leading Listed Property Management Companies in 2021 – Leading Profitability” by China Property Management Research Institution, and “TOP 2 China’s Listed Property Management



Top 100 China Property Management Companies in 2021



Top 10 of Top 100 China Property Management Companies in Service Scale in 2021



Leading Property Management Companies with Chinese Characteristic - Leading Enterprise of Smart Living Services in 2021

Companies in 2021”, “Top 10 China’s Listed Property Management Companies by Operational Capability in 2021”, “Top 10 China Property Management Companies with Long-term Investment Value in 2021”, “Top 10 China’s Listed Property Management Companies by Financing Capability in 2021”, and “Top 10 China’s Listed Property Management Companies by Credit Ratings in 2021” by Yihan Think Tank and other honorary titles.



Top 10 China’s Listed Property Management Companies by Overall Strength in 2021



Top 100 China Property Management Companies by Brand Value in 2021



China’s Listed Property Management Companies in 2021 - Leading Profitability



TOP 2 China’s Listed Property Management Companies in 2021



Top 10 China Property Management Companies with Long-term Investment Value in 2021



# Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the “**Directors**”) of the Company (the “**Board**”), I am pleased to present the results of the Group for the six months ended 30 June 2021 (the “**Period**”).

As of 30 June 2021, the Group's operating revenue was approximately RMB7,873 million, representing a year-on-year increase of approximately 68.3%. Gross profit was approximately RMB2,939 million, representing a year-on-year increase of approximately 68.7%. Net profit was approximately RMB1,934 million, representing a year-on-year increase of approximately 68.6%. Profit attributable to owners of the Company was approximately RMB1,935 million, representing a year-on-year increase of approximately 68.6%. Basic earnings per share were approximately RMB0.18.

Leveraging high-quality services, standardized operations, technological empowerment and other advantages, the Group has further expanded its property management scale. As at 30 June 2021, the total contracted GFA of the Group was approximately 810 million sq.m., representing an increase of approximately 245 million sq.m. from the end of 2020; and the GFA under management was approximately 450 million sq.m., representing an increase of approximately 150 million sq.m. from the end of 2020; among them, approximately 138 million sq.m. of property GFA under management was developed by third party developers, representing an increase of approximately 128 million sq.m. from the end of 2020.

2021 marks the first year of the “14th Five-Year Plan” in which we embark on a new journey to build China into a modern socialist country in all respects. Under the new situation, the property management industry continues to gain the attention and favor from all walks of life, the capital market and investors, and ushers in a period of opportunity for rapid development.

In the first half of the year, various favorable policies for the industry were issued by the government, which laid a foundation for the stable development of the industry. At the beginning of the year, ten ministries and commissions jointly issued the Notice on Strengthening and Improving the Residential Property Management 《關於加強和改進住宅物業管理工作的通知》, which points out the direction and provides guarantees for the healthy development of the industry; in March, the property management industry was mentioned in the “14th Five-Year Plan” for the first time and received unprecedented attention at the national strategic level; in June, twelve departments jointly issued the “Opinions on Promoting the Construction of a Quarter-hour Convenient Living Circle in Cities” 《關於推進城市一刻鐘便民生活圈建設的意見》 to encourage the creation of a community business circle with agglomeration of multiple businesses and improve the level of service convenience and quality. Multiple favorable policies continue to release the imagination of service upgrades and innovative development, facilitate the expansion of property services boundaries, and guide the multi-dimensional development of the industry.



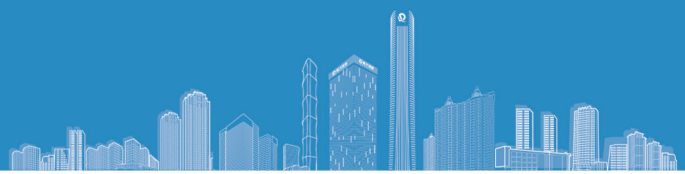
In the context of policy promotion, technological iteration, and consumption upgrades, the property service industry's high growth, high certainty and other industry attributes continue to receive high attention from the market. The property industry has made further progress in terms of industrial positioning, capital market layout, business expansion and etc.. The trillion-yuan blue ocean market has gradually formed, and the property management industry has entered the "Golden Age" of the development.

2021 is the "Brand Building Year" of the property management industry. Industry benchmarking companies accelerated their optimization and upgrades. By giving full play to ultra-large-scale market advantages and domestic demand potential, they continued to explore the value of the entire industry chain, and promoted the germination of more diversified value-added services, and guided by enhancing convenience and service experience, they promoted the upgrading of property services to high-quality and diversification, and extended to specialization and high end of the value chain, to accelerate the high-quality development of the property management industry.

As the degree of industry concentration increases, the competitive edge of branded property management companies have become increasingly prominent. Companies are more likely to win the recognition of the market and customers on excellent service quality and a leading service brand. In areas such as business expansion and diversified development, there is a tendency that the strong ones stay strong. A high-quality property management company with strong brand power, strong capabilities in business development and high operating efficiency will reach a new level.

As the new market environment put forward higher and newer requirements for the industry, and continuously improving service quality and innovative abilities to meet the diverse needs of customers have become the key direction for the development of property service companies. Property services companies will grasp the service essence of "people-oriented" and continue to improve standards, upgrade scientific and technological capabilities, enrich service contents, and capitalize on favorable policies on technology, consumption and capital to achieve leapfrog development, high-quality growth and branded operations for competing in the trillion-yuan-level market.

**Adhering to the strategy of "winning by scale", we have been maintaining high-quality expansion and a diversified layout.** Relying on property service experience accumulated over years, good reputation and resource endowment, the Group has continued to extend its service boundaries and penetrated into the non-residential sector extensively. Through endogenous development and external expansion, we continue to explore new service spaces continuously. In the first half of the year, the Company saw a new high in the growth in scale, and the scale of third-party management increased rapidly. The Group continued to deepen the overall business layout and accelerated progress in multi-disciplinary development, with the portfolio covering residential properties, commercial and office buildings, theme parks, industrial parks, themed towns, as well as public facilities such as schools, hospitals, banks, government buildings, high-speed railways, airports and scenic spots, and entered the field of urban public service for the first time, building a richer service portfolio and a more balanced regional layout, achieving high-quality scale growth, and further consolidating its leading position in the industry.



**Adhering to the strategy of “leading technology”, we always promote the development of technology empowerment and digital intelligence.** Based on technologies such as artificial intelligence, cloud computing, big data, and the Internet of Things (“IoT”), the Group has established a sound smart property management service system through cooperation with tech giants as well as self-research by its professional technical team, and has achieved online-based standardized operations, including smart life, smart parks, smart management and SaaS property management platforms, thus building an online and offline living service circle. The results in quality improvement, cost reduction and efficiency enhancement are significant.

In the future, the Group will implement cloud transformation based on the existing technology platform, and build a full-ecological, full-intelligent, full-sensing smart cloud platform system of Evergrande Property, which will fully cover the smart management needs of multiple formats, multiple scenarios, and multiple customers, and improve management effectiveness and customer experience. At the same time, the Company will continue to improve its core competitiveness in the field of intelligence, strive to develop space technology services, build its own technology brand. It will focus on exploring platform output service models, and strive to become a cloud platform provider, create new profit growth points, and lead the digital intelligence transformation of the property management industry.

**Adhering to the strategy of “service-oriented”, we always focus on quality improvement and refined services.** We have always been guided by the needs of residents for a better life. After 25 years of development and precipitation, we provide caring, professional, meticulous and safe services through our unique standardized operation and management model to create the best living experience; at the same time, we actively absorb the management experience of companies merged and acquired in subdivision fields to improve our service capabilities in professional fields, and continuously optimize Evergrande Property’s standardization system to consolidate the endogenous cornerstone of property development.

The Group will continue to be customer-centric, and based on standardized services, it will innovate services from the perspective of customer needs and sensitive points of demand, unlock more service scenarios, and continue to enrich service standards. Meanwhile, we will strengthen the training of professional and technical personnel, enhance business capabilities and service levels, and provide a strong talent guarantee for our rapid development through cultivation of a skilled, applied, compound, and innovative high-quality talent team.

**Adhering to the strategy that “operation is the foremost”, we always explore customer needs and space for value-added services.** Focusing on the community development stage and family growth cycle and scenarios of community life, the Group has effectively integrated operating resources, linked up upstream and downstream cooperation units, and gradually expanded and extended the layout of value-added service formats, providing community group purchase, real estate services, home renovation and decoration, insurance brokerage, housekeeping services and other diversified value-added services. By gaining in-depth insights into customer needs, the Group has actively explored innovative projects of community value-added services, by virtue of technology to link up commodity network around the community such as catering, shopping, and entertainment, connected with various e-commerce platforms to provide customers with customized products and personalized services, and enriched the content of value-added services, to create differentiated service advantages, and continue to improve profitability and scale.

Looking at the current situation, the property management industry is ushering in the new era of higher dimensional and more diversified development. The Group will seize market opportunities and focus on the six key capabilities of scale, quality, operation, technology, brand, and talent. It will persist in the strategy of diversified layout and scale expansion, continuously improve the standardized operation system, upgrade and innovate the smart property management system, and continue to release the potential of community value-added business, and consolidate the industry’s leading position with core advantages such as high speed, high quality, high net worth, light assets, and technicalization, and strive to become the largest and strongest tech-based comprehensive city service operator in the world.

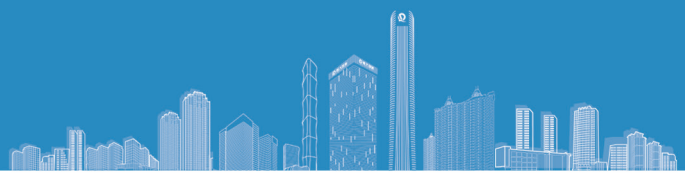
While the Group has enjoyed high growth during the six months ended 30 June 2021, shareholders and investors should be mindful that if the financial situation of China Evergrande Group does not improve or deteriorate further, it may have a certain impact on the operation of the Group. The Company will continue to pay attention to the development of China Evergrande Group and make disclosure of risk in a timely manner.

Finally, on behalf of the Board, I would like to thank all our employees and the management for their contributions to the development of the Company. I would also like to express my sincere gratitude to all shareholders and stakeholders for their trust and support.

**Zhen Litao**

Chairman of the Board

Hong Kong, 31 August 2021



# Management Discussion and Analysis

## Business Review

2021 marks the first year of the “14th Five-Year Plan”, and the property management industry has ushered in a golden era for all-round development. Based on the new development stage, the Group seizes market opportunities, driven by the needs of customers aiming to achieve customer satisfaction, and is committed to large-scale development, standardized operation, professional services and intelligent management with a view to providing customers with high quality property management services, community value-added services and value-added services to non-property owner and has won authoritative awards, such as “Top 100 China Property Management Companies in 2021”, “Top 10 China’s Listed Property Management Companies by Overall Strength in 2021” and “Outstanding China’s Listed Property Management Companies with Investment Value in 2021” by China Index Academy, and “Top 100 China Property Management Companies by Brand Value in 2021” and “Top 10 China’s Listed Property Management Companies in 2021” by China Property Management Research Institution.

## Property management services

The Group offers a wide range of property management services to residents, property developers and tenants of non-residential properties. Our services include butler services, security services, cleaning and greening services, and repair and maintenance services. Based on residential services, the Group continues to extend its service coverage by taking advantage of its services and resources, extensively penetrating into non-residential fields to develop new services, which in turn acts as the fulcrum for its expansion in new areas and new fields. Such divergent expansion strategy has enhanced the Company’s endogenous expansion capabilities. During the Period, the Group achieved remarkable results in diversifying its business model, covering residential properties, commercial and office buildings, theme parks, industrial parks, themed towns, as well as public facilities such as schools, hospitals, banks, government buildings, high-speed railways, airports, and scenic spots, and entered the field of urban public services for the first time.



The following table sets forth a breakdown of the GFA under management of the Group by types of properties:

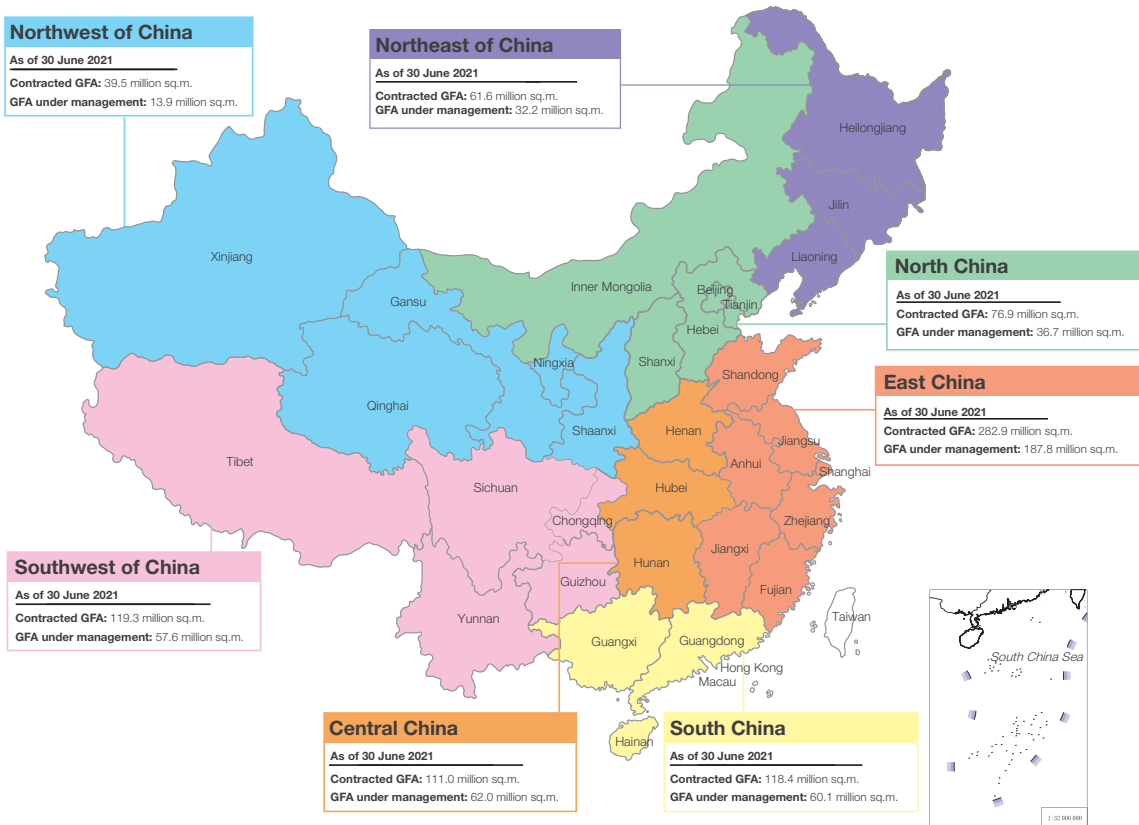
	GFA under management as at 30 June 2021 ('000 sq.m.)	Percentage (%)	GFA under management as at 30 June 2020 ('000 sq.m.)	Percentage (%)	Change ('000 sq.m.)	Growth rate (%)
Residential properties	360,182	80.0	251,355	99.0	108,827	43.3
Non-residential properties	90,054	20.0	2,664	1.0	87,390	3,280.4
<b>Total</b>	<b>450,236</b>	<b>100</b>	<b>254,019</b>	<b>100</b>	<b>196,217</b>	<b>77.2</b>



As at 30 June 2021, the contracted GFA and GFA under management of the Group by region are as follows:

	Contracted GFA ('000 sq.m.)	Percentage (%)	GFA under management ('000 sq.m.)	Percentage (%)
East China <sup>1</sup>	282,893	34.9	187,773	41.7
North China <sup>2</sup>	76,854	9.5	36,662	8.1
Northwest of China <sup>3</sup>	39,518	4.9	13,939	3.1
South China <sup>4</sup>	118,356	14.6	60,083	13.3
Southwest of China <sup>5</sup>	119,330	14.8	57,588	12.8
Central China <sup>6</sup>	110,992	13.7	61,982	13.8
Northeast of China <sup>7</sup>	61,589	7.6	32,209	7.2
<b>Total</b>	<b>809,532</b>	<b>100.0</b>	<b>450,236</b>	<b>100.0</b>

1. Including Shanghai, Jiangsu, Zhejiang, Anhui, Jiangxi, Shandong and Fujian.
2. Including Beijing, Tianjin, Hebei, Shanxi and Inner Mongolia.
3. Including Shaanxi, Gansu, Qinghai, Ningxia and Xinjiang.
4. Including Guangdong, Guangxi, Hainan and Hong Kong.
5. Including Chongqing, Sichuan, Guizhou, Yunnan and Tibet.
6. Including Henan, Hubei and Hunan.
7. Including Heilongjiang, Jilin and Liaoning.



As at 30 June 2021, the total contracted GFA of the Group was approximately 810 million sq.m., and the GFA under management was approximately 450 million sq.m., covering 22 provinces, 5 autonomous regions, 4 municipalities and Hong Kong, with a total of 317 cities and 2,443 managed projects and providing property management services to more than 3.20 million households. Among them, approximately 138 million sq.m. of property GFA under management was developed by third party developers, representing an increase of 128 million sq.m. from the end of 2020.

During the Period, revenue from property management services was approximately RMB4,757.3 million, representing a year-on-year increase of approximately 68.4% and accounting for approximately 60.4% of total revenue.

### Community value-added services

The Group aggressively develops community value-added services to cater for the livelihood needs of households, and introduces more community-related derivative resources and supporting service functions through internal incubation and external expansion to continuously improve the community service ecosystem and provides full-cycle, full-chain and full-process diversified value-added services throughout the community development stage and family growth cycle and in various scenarios of community life, including community operation services, community assets management, community life and other services.

During the Period, revenue from community value-added services was approximately RMB1,138.6 million, representing a year-on-year increase of approximately 83.1% (30 June 2020: approximately RMB621.9 million (restated)) and accounting for approximately 14.5% of total revenue. Among them:

1. The revenue from community operation services was approximately RMB500.7 million, representing a year-on-year increase of approximately 21.0% (30 June 2020: approximately RMB413.8 million (restated)). The Group added insurance brokerage business and acquired Evergrande Insurance Agency in April 2021 to provide comprehensive insurance brokerage services covering life insurance, property insurance, auto insurance, travel insurance, etc. Relying on its advantage of nationwide scale and resources of 8,300 upstream and downstream companies and strategic cooperative enterprises, it recorded a revenue of approximately RMB150.2 million during the Period, representing an increase of approximately 32.0% year-on-year.



2. Community asset management realized a revenue of approximately RMB467.7 million, representing a year-on-year increase of approximately 181.8%. Leveraging on its resource advantages of mastering information on millions of real estates and tens of millions of households, the Group provided services such as property information integration and recommendation, customer referral and visit tours and real estate custody and maintenance, and recorded a revenue of approximately RMB42.2 million during the Period, representing an increase of approximately 3,614.3% year-on-year.
3. Community living services realized a revenue of approximately RMB170.2 million, representing a year-on-year increase of approximately 304.5%. By integrating the brand resources of home renovation and decoration, the Group expanded its business coverage and integrated the home renovation and decoration business in the new housing and second-hand housing transactions to provide value-added services covering full renovation, refreshing of old decoration, partial renovation and smart home, and achieved a revenue of approximately RMB55.5 million during the Period, representing an increase of approximately 872.7% year-on-year.

In addition, the Company is actively engaged in elderly healthcare services. Through cooperation with professional elderly healthcare institutions and rational use of community space, it has developed community elderly healthcare services. It has carried out related pilot projects in the Pearl River Delta, Beijing and other regions, and completed the construction of the healthcare section on the smart community platform, and realized online medical consultation, private doctors, remote group consultation, cross-border medical resources and other services.

#### Value-added services to non-property owners

Value-added services to non-property owners basically cover the entire process of real estate development and construction, mainly including preliminary property management services, pre-delivery services, repair and maintenance services and property transaction assistance services. During the Period, revenue from value-added services to non-property owners was approximately RMB1,977.5 million, representing a year-on-year increase of approximately 60.6% and accounting for approximately 25.1% of the total revenue.



### Smart property construction

Relying on massive basic data, vivid business scenarios, and powerful computing capabilities, the Group has established a smart management system based on the SaaS platform, AIoT platform and ERP platform, which comprise smart living, smart community and smart management, to provide customers with high-quality and convenient services while greatly improving the Company's efficiency and reducing operating costs.

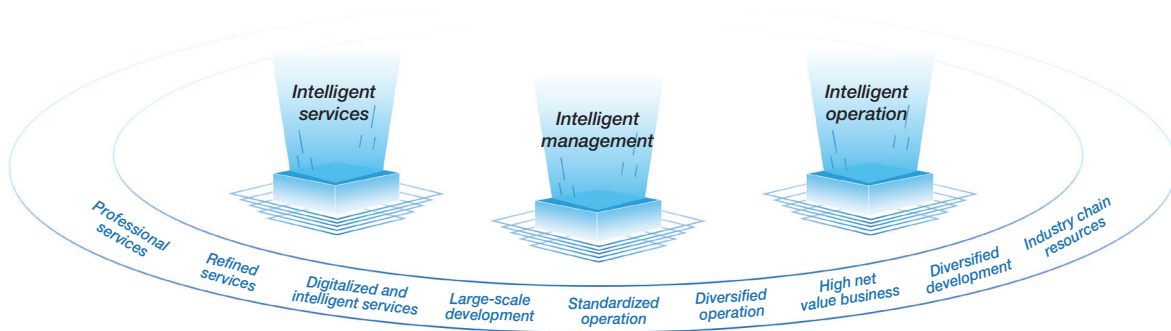
In respect of smart living, based on the self-developed property management cloud platform, centred around customers' life scenarios, it creates functions such as household payments, smart charging, community group purchase, express delivery, freight and moving, housekeeping services, online medical consultation to promote the diversification of platform services and meet various needs of customers. Through Evergrande Smart Community APP, Evergrande Butler APP, WeChat Mini Program and other terminals, the Group strengthened connection between the main bodies of the community, effectively improved the communication efficiency between customers and the property management personnel, enhanced the service experience, and consolidated the value-added service platform.

With regard to smart community, the Group comprehensively promoted in-depth collaboration with SenseTime, a unicorn company in the field, including artificial intelligence, Internet of Things platform, machine vision recognition to realize intelligent transformation of communities. Combined with artificial intelligence technology, the two parties have customized different smart management solutions based on high-sensitivity scenarios in the community, covering services such as intelligent customer service, intelligent access, smart transportation, intelligent security, smart building, intelligent quality control and intelligent scheduling.

In terms of smart management, the Group continued to optimize the Company's internal management system to achieve management and control throughout the whole business lines, including contract management module, financial management module, building delivery management module, quality management module, personnel management module, etc. The unified management of all system data and the unified monitoring of the execution process through the integrated management platform has improved the work efficiency significantly.



In May 2021, the Company and Tencent Holdings Limited (“**Tencent**”) reached a strategic cooperation agreement and will establish a joint venture company, centred around the Company’s full-life scenarios of clothing, food, housing, transportation and mass customer private domain resources, combined with Tencent’s strong scientific research capabilities, network capabilities, and the capabilities of multiple linkage of customers portraits, to create “Micro Things Cloud”, the world’s largest fixed space technology service platform to help digital upgrade of the property management industry. “Micro Things Cloud” will integrate three major parts, smart property SaaS system, spatial IoT and user operation services, to promote the business transformation of traditional property management companies from space and asset operations to digital operations for community users, and optimize the Company’s revenue structure, improve its per capita efficiency, expand service range and provide property owners with a smarter and better living experience.



## Prospects and future plan

As a new development pattern of smooth domestic circulation is gradually forming, the property management industry closely focuses on the requirements of national development strategy and the brand-new scenarios of a better urban life, centred around customer needs, actively fulfils its social responsibilities to create new supply, promote new consumption, and give new momentum for the high-quality urban development by giving full play to the advantages of industry economy, participating in governance and guaranteeing people’s livelihood. To this end, the Group will grow in multiple dimensions of speed, breadth, depth, and thickness, adhere to diversified layout and scale expansion, and continue to release the potential of community value-added business. At the same time, the Group will build a smart property service cloud platform to vigorously develop space technology services and accelerate transformation and upgrades towards a technology-based service company.

### **Vertical and horizontal expansion as well as endogenous and outer extension, provide diversified support for efficient growth**

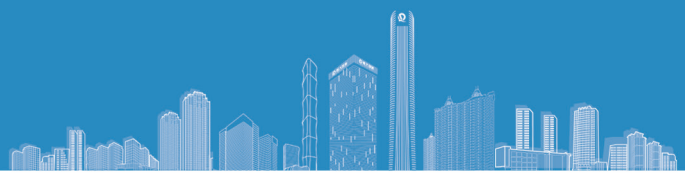
The Group will capitalize on the rapid industry development, and accelerate third-party expansion to continuously achieve scale and quality improvements by relying on its professional service levels, the full-chain service system, the fully entrusted operation model and China Evergrande Group's continuous delivery.

The Group has always adhered to the divergent expansion strategy. On the basis of its national layout, the Group will further deepen its regional penetration, continue to focus on mid-to-high-end residential buildings, and combine the scale and profitability of the target projects to expand high-quality projects gradually to continuously improve the management density of projects, extend the management radius of project personnel, and improve synergy between projects. It will broaden the Company's service boundaries and business types, focus on professional property management companies in subdivided business types, and extend merger and acquisitions scenarios to other related fields of property services to explore potential diversified value-added services. The Group will identify regional leading enterprises with rich social and government resources to form a joint development force through cooperation and joint operation, multi-party linkages to promote the integration of public facilities, capture the urban service sector, and achieve full-cycle and multi-business rolling development through various measures, and maintain the Company's high growth from a high base.

The Group will continue to strengthen the professional quality of the investment and extension team, enhance the expansion capabilities, and adopt strong incentive measures to ensure that the annual expansion goals are achieved. At the same time, the Company places great importance on post-investment management. According to the situation of the merged companies, on the basis of retaining their original teams and advantages, through standardized management duplication and technological empowerment, the Company promotes integrated management in a comprehensive manner to enhance quality and efficiency through rapid integration, and gives full play to the advantages of brand and resources through complementary and mutual assistance in different subdivided areas, to assist the acquired companies develop further, achieving a win-win situation, and work together with them to become the world's largest and strongest technology-based operator of urban integrated services.

### **Creating a technology-based service brand through resource collaboration and common development with technologies playing a leading role**

The Company will strengthen its cooperation with leading technology companies such as Tencent and SenseTime, implement cloud transformation based on existing technology platforms, expand smart home, smart commercial building, smart industrial parks and smart cities and other application scenarios, and create a full-ecological, full-intelligent, full-sensing smart operation system, covering all service scenarios such as home life, trip, living, entertainment, health, consumption, commerce, government affairs and travelling of customers.



The Group will continue to improve its core competitiveness in the intelligence field, strive to build its own technology brand, to become a cloud platform supplier. Through product sales, enterprise franchising, etc., it can provide technical support to property enterprises comprehensively, empower its own projects and other companies from top to bottom, promote the rapid implementation of property management, expand online management coverage, obtain more potential expansion opportunities, and capitalize on technology-enabled property management to create new profit growth points.

### **Focusing on high-end fields and gaining in-depth insights into customer needs to pursue fine-tuned quality services**

The Group always adheres to the service-oriented principle and focuses on lean operations. On the basis of standardized services, and being customer-centric, the Group will develop innovative services, unlock more new service scenarios, to continuously enrich service standards. Focusing on subdivided business forms or fields, the Group will build distinctive brands, and build service barriers. It will concentrate superior strength and resources, centred around core business fields, to improve management expertise, and form a standardized service menu to meet the individual needs of different business forms and gradually form a unique business model and service characteristics by consolidating service advantages through business focus and penetration.

The Group will make in-depth observation of customers' needs, take the key elements that hamper customer satisfaction as the starting point, study and optimize customer experience programs, improve precise service capabilities, and achieve in-depth development of various professional subdivided fields and coordinated development across professional fields, and endeavour to provide customers with more refined, more innovative, and higher value-added property management services. Concurrently, it will strengthen cultivation of professional and technical talents, deliver high-level and compound talents in a timely manner to ensure rapid management replication and continued provision of high-quality services. It will strengthen corporate governance, optimize job settings through technological means, to improve per capita efficiency constantly and fully empower enterprise development, and create a model service brand.

### **Conducting innovative operation to release diversified value-added space and continuously improve profitability**

Recently, China has issued several favourable policies to promote the “property service + life service” model, which further opens up space for the property management industry and provides new opportunities and directions for property enterprises.

The Group will put great efforts into tapping the potential of community value-added services, further expanding the breadth and depth of the coverage of existing community value-added business, giving full play to the advantages of community traffic entrance and resource integration, and focusing on community group purchase, real estate services, home renovation and decoration, insurance brokerage, housekeeping services and other businesses to expand service penetration. At the same time, based on the high demand of property owners, the Group will actively explore innovative community value-added service projects, and have piloted layouts in areas such as community health, childcare and household services to improve consumption convenience and quality.

In the future, the Group will continue to deepen verticals, with life services as the starting point, build the sharing system of internal and external resources while digging deep into internal community resources, to integrate business and property, consumption and life, home and community and other scenarios and facilitate consumption of diversified, high-quality services with personalized, differentiated and quality products. The Group will accelerate the implementation of 5G, IoT, big data and other technologies, help companies precipitate and analyse grass-roots data to realize target marketing, and enable property services to cover every aspect of the community, and ensure delivery of products and services to customers, so as to build a high-quality, warm and valuable eco-system that covers the entire life cycle of customers.

The Group will aim to become the world's largest and strongest technology-based operator of comprehensive urban services by giving full play to its ultra-large-scale market advantages and domestic demand potential, and constantly enrich its diversified industrial layout. Adhering to the standardized operating system and technological development strategy, it will promote the high quality and diversification upgrade of property services through a high level of specialization and to the high end of value chain and consolidate its leading position in the industry with core advantages such as high speed, high quality, high net worth, light asset and technicalization.





## Financial Review

### Revenue

The revenue of the Group is mainly derived from three business segments: (i) property management services; (ii) community value-added services; and (iii) value-added services to non-property owners. For the six months ended 30 June 2021, the total revenue of the Group was approximately RMB7,873.4 million, representing an increase of approximately 68.3% compared with the six months ended 30 June 2020.

	Six months ended 30 June				
	2021		2020		Growth rate (%)
	Revenue (RMB' 000)	Percentage of revenue (%)	Revenue (RMB' 000) (restated)	Percentage of revenue (%)	
Property management services	4,757,289	60.4	2,824,261	60.4	68.4
Community value-added services	1,138,624	14.5	621,874	13.3	83.1
Value-added services to non-property owners	1,977,526	25.1	1,231,480	26.3	60.6
Total	7,873,439	100	4,677,615	100	68.3

#### 1. Property management services

During the Period, revenue from property management services was approximately RMB4,757.3 million (the revenue from the property management services of projects developed by independent third-party developers was approximately RMB936.8 million), representing an increase of approximately 68.4% year-on-year and accounting for approximately 60.4% of total revenue.

The following table sets forth a breakdown of revenue from property management services of the Group by types of developers:

	As of 30 June 2021				As of 30 June 2020			
	Revenue (RMB'000)	Percentage of total revenue (%)	GFA under management ('000 sq.m.)	Percentage of total GFA under management (%)	Revenue (RMB'000)	Percentage of total revenue (%)	GFA under management ('000 sq.m.)	Percentage of total GFA under management (%)
Properties developed by China Evergrande	3,820,480	80.3	312,095	69.3	2,810,800	99.5	252,995	99.6
Properties developed by independent third party developers	936,809	19.7	138,141	30.7	13,461	0.5	1,024	0.4
Total	4,757,289	100	450,236	100	2,824,261	100	254,019	100

The total GFA under management increased to approximately 450 million sq.m. from approximately 254 million sq.m. for the same period in 2020. The GFA under management in the property developed by third parties increased by 137 times year-on-year to 138 million sq.m., mainly due to (i) the steady increase in the GFA under management as a result of the acceleration of the market expansion and absorption of high-quality subjects, covering diversified business forms including residential properties, commercial and office building, industrial parks, urban public buildings and urban services etc.; (ii) the conversion of the reserved GFA by the Group into the GFA under management in the Period.

## **2. Community value-added services**

During the Period, revenue from community value-added services was approximately RMB1,138.6 million, representing an increase of approximately 83.1% year-on-year (30 June 2020: approximately RMB621.9 million (restated)) and accounting for approximately 14.5% of the total revenue.

The increase in revenue from community value-added services was mainly attributable to the following factors:

Revenue from community operation services was approximately RMB500.7 million, representing an increase of approximately 21.0% (30 June 2020: approximately RMB413.8 million (restated)) year-on-year.

Revenue from community asset management was approximately RMB467.7 million, representing an increase of approximately 181.8% year-on-year.

Revenue from community living services was approximately RMB170.2 million, representing an increase of approximately 304.5% year-on-year.

With the rapid growth in the management scale and the number of users, the Group continuously and comprehensively enriched the types of value-added services broadly and deeply, and enhanced project coverage, thus achieving increasingly prominent economies of scale. The Group continuously standardized the business development forms, which resulted in mature business models and significant growth in results of real estate services, home renovation and decoration and other businesses. In addition, the Group continuously tapped into the needs of owners and innovated value-added services, such as comprehensively developing insurance brokerage business.



### 3. Value-added services to non-property owners

During the Period, revenue from value-added services to non-property owners was approximately RMB1,977.5 million, representing an increase of approximately 60.6% year-on-year and accounting for approximately 25.1% of total revenue.

The increase in revenue from value-added services to non-property owners was mainly due to the increase in the number of new projects launched, the stable delivery of projects, the increase in the demand for transaction assistance, the stable growth of preliminary property management services, pre-delivery services, repair and maintenance services, property transaction assistance services and other services.

#### Costs

The Group's costs include employee costs, greening and cleaning expenses, maintenance costs, utilities, security subcontracting costs, commission expenses, taxes, and other levies etc. During the Period, costs were approximately RMB4,934.9 million, representing a year-on-year increase of approximately 68.1%.

The increase in costs was mainly due to the continuous increase in GFA under management and expansion of community value-added services.

#### Gross profit and gross profit margin

The following table sets forth the breakdown of gross profit and gross profit margin by business lines of the Group for the periods indicated:

	Six months ended 30 June			
	2021		2020	
	Gross profit (RMB' 000)	Gross profit margin (%)	Gross profit (RMB' 000) (restated)	Gross profit margin (%)
Property management services	1,528,630	32.1	948,579	33.6
Community value-added services	681,308	59.8	334,200	53.7
Value-added services to non-property owners	728,588	36.8	458,984	37.3
<b>Total</b>	<b>2,938,526</b>	<b>37.3</b>	<b>1,741,763</b>	<b>37.2</b>

During the Period, the overall gross profit of the Group was approximately RMB2,938.5 million, representing a year-on-year increase of approximately 68.7%.



The gross profit margin of property management services was approximately 32.1%, representing a decrease of 1.5 percentage points as compared with 33.6% for the six months ended 30 June 2020, mainly due to (i) the relatively low unit price of property management fees for projects of companies acquired, which lowers the unit price of property management fees; and (ii) the slight increase in the labor cost as a result of cancellation of the policy of reduction and exemption of social insurance contributions by the government during the Period.

The gross profit margin of community value-added services was approximately 59.8%, representing an increase of 6.1 percentage points as compared with 53.7% (restated) for the six months ended 30 June 2020, mainly due to (i) economies of scale as a result of our continuous business growth; and (ii) effective use of online platforms to reduce the operation costs.

The gross profit margin of value-added services to non-property owners was approximately 36.8%, representing a slight decrease of 0.5 percentage points as compared with 37.3% for the six months ended 30 June 2020, mainly due to the relatively mature business model of value-added services to non-property owners and the stable gross profit margin.

#### Administrative and marketing expenses

During the Period, administrative expenses were approximately RMB443.4 million, representing an increase of approximately 91.2% from approximately RMB231.9 million (restated) for the six months ended 30 June 2020.

The increase in administrative expenses was mainly due to the increase in employee expenses as a result of the expansion of the Group's business scale.

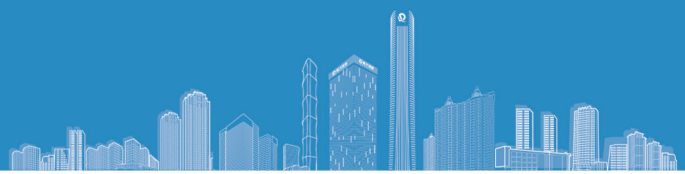
#### Other income

During the Period, other income were approximately RMB88.7 million, representing an increase of approximately 80.2% from approximately RMB49.2 million (restated) for the six months ended 30 June 2020.

The increase in other income was mainly attributable to: (i) the increase in bank interest income arising from the increase in time deposits; and (ii) the additional input value-added tax deduction for service industry and the increase of tax refund for employment of retired soldiers.

#### Other gains/(losses)

Net other gains of the Group were approximately RMB1.3 million for the six months ended 30 June 2021, compared with the net other losses of approximately RMB0.1 million in the corresponding period of 2020. The increase in net other gains was mainly due to the disposal gain of wealth management product.



### Income tax expenses

During the Period, income tax expenses were approximately RMB616.9 million, representing an increase of approximately 75.1% from approximately RMB352.4 million (restated) in the corresponding period of 2020.

The increase in income tax expenses was mainly due to the increase in profit before tax for the Period.

### Profit for the Period

During the Period, net profit of the Group was approximately RMB1,934.5 million, representing an increase of approximately 68.6% from approximately RMB1,147.1 million (restated) for the six months ended 30 June 2020.

During the Period, profit attributable to owners of the Group was approximately RMB1,935.3 million, representing an increase of approximately 68.6% from approximately RMB1,148.2 million (restated) in the corresponding period of 2020.

### Property, plant and equipment

The Group's property, plant and equipment mainly include property, machinery, vehicles, furnitures, fittings and equipment.

As at 30 June 2021, the net carrying amount of property, plant and equipment of the Group was approximately RMB71.9 million, representing an increase of approximately 32.8% as compared with approximately RMB54.1 million (restated) as at 31 December 2020, mainly due to the increase in fixed assets as a result of acquisition of companies.

### Right-of-use assets

The Group's right-of-use assets mainly include offices and dormitories leased by the Group. As at 30 June 2021, the Group's leased assets were approximately RMB41.2 million, representing an increase of approximately RMB16.4 million as compared with approximately RMB24.8 million (restated) as at 31 December 2020, mainly due to the business expansion and combination.

### Intangible assets

The intangible assets of the Group comprise of property contracts, customer relationships, software and goodwill.

As of 30 June 2021, intangible assets of the Group amounted to approximately RMB2,701.8 million, representing an increase of approximately RMB2,573.1 million as compared with approximately RMB128.7 million (restated) as at 31 December 2020, mainly due to: (i) approximately RMB1,051.2 million of customer relationship and property management contracts was recognised from acquisition of companies; (ii) goodwill amounted to approximately RMB1,572.1 million was recognised from acquisition of companies.

### Trade and other receivables

As at 30 June 2021, the trade receivables of the Group amounted to approximately RMB4,991.6 million, representing an increase of approximately RMB1,164.0 million as compared with approximately RMB3,827.6 million (restated) as at 31 December 2020, mainly due to the significant growth in revenue scale of the Group and the increase in accounts receivable resulted from newly acquired companies.

Other receivables increased by approximately RMB206.2 million from approximately RMB358.4 million (restated) as at 31 December 2020 to approximately RMB564.6 million as at 30 June 2021, mainly due to the increase in other receivables arising out of acquisitions of companies.

### Trade and other payables

As at 30 June 2021, the trade and notes payables of the Group amounted to approximately RMB2,172.9 million, representing a decrease of approximately RMB264.3 million as compared with approximately RMB2,437.2 million (restated) as at 31 December 2020, which was mainly due to the increase in the timeliness of payment by the Group.

Other payables increased by approximately RMB1,888.5 million from approximately RMB1,707.7 million (restated) as at 31 December 2020 to approximately RMB3,596.2 million as at 30 June 2021, mainly due to (i) the increase in the outstanding consideration of approximately RMB1,193.1 million payable for acquisitions during the Period; (ii) the increase in remuneration and benefits.

### Contract liabilities

Contract liabilities mainly arise from advance payments made by customers for related services such as property management services and community value-added services that have not yet been provided.

Contract liabilities increased from approximately RMB2,725.8 million (restated) as at 31 December 2020 to approximately RMB3,214.4 million as at 30 June 2021, representing an increase of approximately RMB488.6 million. The increase was mainly due to the increase in the chargeable GFA under management and the increase in prepayment of property service fees.



### Liquidity and financial resources

As at 30 June 2021, the total bank deposits and cash of the Group, comprising the Group's cash and cash equivalents and restricted cash, amounted to approximately RMB14,028.0 million, representing an increase of approximately RMB1,417.4 million as compared with approximately RMB12,610.6 million (restated) as at 31 December 2020. The increase in bank deposits and cash was primarily due to the large amount of funds generated from substantial growth of the Group's performance and the timely collection from customers.

In the total bank deposits and cash of the Group, restricted bank deposits were approximately RMB24.2 million (31 December 2020: approximately RMB5.2 million (restated)), which mainly served as security deposits for the provision of property management services according to the requirements of local government authorities and the restricted share capital of Evergrande Insurance Agency.

As at 30 June 2021, the net current assets of the Group were approximately RMB9,829.4 million (31 December 2020: approximately RMB9,644.9 million (restated)). The Group's current ratio (current assets/current liabilities) was approximately 1.99 times (31 December 2020: approximately 2.34 times (restated)).

As at 30 June 2021, the short-term borrowings of the Group were approximately RMB153.7 million and the long-term borrowings were approximately RMB200.0 million.

### Major Risks and Uncertainties

The main risks and uncertainties faced by the Group are set forth below. Such factors are not exhaustive and therefore other risks and uncertainties may also exist.

#### Industry risks

The operation of the Group may be affected by the regulatory landscape of the industry and related measures. The main reason is that the fees charged by property enterprises for management services are strictly monitored and supervised by relevant regulatory authorities. The business performance of the Group depends on contracted GFA, chargeable GFA under management and the number of projects under management. The business growth is affected and will likely continue to be affected by the PRC government's regulations on the industry where the Group belongs.

### Business risks

Whether the Group can maintain or improve its current profitability depends on whether it can effectively control operating costs. The Group's profit margin and operating results may be significantly and adversely affected by the increase in labor costs or other operating costs. The Group cannot guarantee that it will be able to secure new property service contracts according to its plan or pursuant to appropriate schedule and price. The Group may not be able to recover related income including property management fees from customers, resulting in possible impairment losses in receivables. In the event of termination of or failure to renew a substantial number of property service contracts, the business, financial conditions and operating results of the Group will be significantly and adversely affected.

### Foreign exchange risks

The business of the Group is mainly located in China. Save for bank deposits denominated in foreign currencies, there is no major direct exchange rate fluctuation risk faced by the Group. During the Period, the Directors expected that the RMB exchange rate would not have a material adverse effect on the operations of the Group. The management will continue to monitor foreign exchange risks and adopt prudent measures to reduce potential exchange risks.

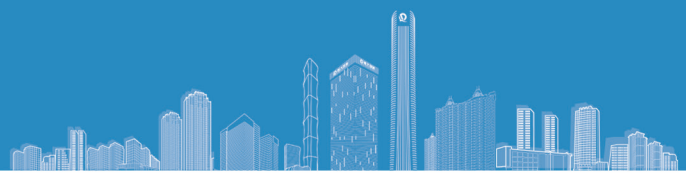
### Relationships with controlling shareholder

Historically, a substantially portion of the Group's revenue was generated from services provided in relation to properties developed by China Evergrande Group, the controlling shareholder of the Company. Any financial difficulties faced by China Evergrande Group may or will adversely affect the Group's business, financial condition, results of operation and prospects (including but not limited to property management services, value-added services to non-property owners and trade receivables).

For the six months ended 30 June 2021, revenue from China Evergrande Group amounted to approximately RMB2,491.5 million, representing approximately 31.6% of total revenue of the Group (six months ended 30 June 2020: approximately RMB1,597.4 million; 34.2%). The reliance of revenue from China Evergrande Group has been decreased over the years. Moreover, as at 30 June 2021, the Group has trade receivables and notes receivables due from China Evergrande Group of approximately RMB2,415.2 million and RMB19.1 million respectively (31 December 2020: approximately RMB1,625.1 million and RMB736.2 million). The Group has reviewed the potential risk stated above and have not identified any material impact to its business and financial statements for the six months ended 30 June 2021. The Group is committed to expanding its business from third parties and reducing its reliance on business from China Evergrande Group.

### Pledge of Assets

As at 30 June 2021, the Group pledged 80% of the equity interests of Ningbo Yatai Hotel Property, a subsidiary of the Group, for bank borrowings.



## Contingent Liabilities

As at 30 June 2021, the Group had contingent liabilities of valuation adjustment mechanism reward and profit sharing of both parties during the valuation adjustment mechanism period agreed in the equity transfer agreement.

## Significant Investment, Material Acquisitions and Disposal of Subsidiaries and Associated Companies

### Acquisition of shares in Taiyuan Lanjieshi Property

On 25 January 2021, the Group signed an equity transfer agreement for the acquisition of 65% interests in Taiyuan Lanjieshi Property at a consideration of RMB12.35 million, which was determined after arm's length negotiation, and the change of equity ownership and business registration for the 65% equity interests was completed on 8 March 2021.

### Acquisition of shares in Ningbo Yatai Hotel Property

On 29 January 2021, the Group signed an equity transfer agreement for the acquisition of 100% interests in Ningbo Yatai Hotel Property at a consideration of RMB1,500 million, which was determined after arm's length negotiation, and the change of equity ownership and business registration for the 80% equity interests was completed on 23 February 2021.

### Acquisition of shares in Shenzhen Futian Property

On 28 February 2021, the Group signed an equity transfer agreement for the acquisition of 100% interests in Shenzhen Futian Property at a consideration of approximately RMB371.39 million, which was determined after arm's length negotiation, and the change of equity ownership and business registration for the 100% equity interests was completed on 19 April 2021.

### Acquisition of shares in Nanchang Tianxiang Property

On 26 February 2021, the Group signed an equity transfer agreement for the acquisition of 70% interests in Nanchang Tianxiang Property at a consideration of RMB29.54 million, which was determined after arm's length negotiation, and the change of equity ownership and business registration for the 70% equity interests was completed on 12 March 2021.

### Acquisition of shares in Wuhan JBL Property

On 28 February 2021, the Group signed an equity transfer agreement for the acquisition of 70% interests in Wuhan JBL Property at a consideration of RMB306.6 million, which was determined after arm's length negotiation, and the change of equity ownership and business registration for the 51% equity interests was completed on 25 March 2021.

### Acquisition of shares in Zhejiang Jindu Property

On 17 March 2021, the Group signed an equity transfer agreement for the acquisition of 100% interests in Zhejiang Jindu Property at a consideration of approximately RMB252 million, which was determined after arm's length negotiation, and the change of equity ownership and business registration for the 100% equity interests was completed on 19 April 2021.

### Acquisition of shares in Evergrande Insurance Agency Co., Ltd.

On 27 April 2021, the Group signed an equity transfer agreement for the acquisition of 100% interests in Evergrande Insurance Agency Co., Ltd. at a consideration of approximately RMB39.20 million, which was determined after arm's length negotiation, and the change of equity ownership and business registration for the 100% equity interests was completed on 29 April 2021.

Save for the information disclosed above, the Group had no other significant investment and disposal of subsidiaries and associated companies during the Period.

## Human Resources

As at 30 June 2021, the Group had approximately 81,136 employees. The employees were remunerated in accordance with the Group's remuneration and welfare policies with reference to the positions of employees, performance, profitability of the Company, industry level and market environment.

The Group has to participate in social insurance contribution plans or other retirement plans organized by local governments, and make contributions to social insurance funds monthly on behalf of employees for the payment of pension funds, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident funds, or make contributions to mandatory provident fund for employees regularly.

Based on the three-level training mechanism of "headquarters-region-project", the Group is committed to implement a 3-year campus recruitment programme for management trainees, trainings for new employees and key talent trainings. The Group organizes and conducts trainings on various professional skills, general aptitude, management ability and corporate culture in accordance with our business development needs and employee career planning, in order to improve the comprehensive quality and work capabilities of employees.

During the Period, more than 44 thousand training sessions were carried out, with a total of 61 thousand class hours and 568 thousand attendances.



## Proceeds From The Global Offering

The Company's shares were successfully listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 2 December 2020 and 810,811,000 new shares were allotted and issued under the Global Offering. After excluding underwriting fees and commissions, the net proceeds from the Global Offering are approximately RMB5,951.2 million.

As of 30 June 2021, the Group has used approximately RMB1,456.2 million of the proceeds. Such proceeds utilised were allocated and used in accordance with the usage of proceeds as set out in the prospectus of the Company dated 23 November 2020 (the "Prospectus"). The unutilised net proceeds are approximately RMB4,495.0 million, which will be allocated and used in accordance with the purposes and proportions as set out in the Prospectus. Details of the specific use are as follows:

Planned use of the net proceeds as stated in the Prospectus		Proceeds actually utilised as at 30 June 2021		Proceeds unutilised as at 30 June 2021	
Category	Percentage	Net amount (RMB in million)	Net amount (RMB in million)	Remaining amount (RMB in million)	Expected schedule of use
To acquire or invest in other property management companies (residential properties, commercial properties, office buildings, schools, hospitals, industrial parks, government buildings and public facilities, urban operation services, etc.); to acquire or invest in companies providing property management related services (cleaning, gardening, security, equipment maintenance, smart technology, etc.).	65%	3,868.3	1,269.3	2,599.0	On or before 31 December 2023
To acquire or invest in companies with businesses that are synergistic and complementary to our community products and services (insurance brokers, real estate agency, education and training, healthcare and medical care, decoration, etc.); to support our ongoing community value-added services (including housekeeping, home furnishing, community advertising, parking lot operation, community group purchase, maintenance service and other community operations).	15%	892.7	93.2	799.5	On or before 31 December 2023



Planned use of the net proceeds as stated in the Prospectus		Proceeds actually utilised as at 30 June 2021		Proceeds unutilised as at 30 June 2021	
Category	Percentage	Net amount (RMB in million)	Net amount (RMB in million)	Remaining amount (RMB in million)	Expected schedule of use
To purchase and upgrade the software and hardware of smart devices and IoT facilities, and carry out the construction of smart communities (facial recognition, AI smart inspection and identification, smart parking, smart security, smart access control, big data analysis platform, etc.); to upgrade and maintain our existing mobile applications (Evergrande Smart Community APP, Evergrande Butler APP), smart community management system and other internal business information systems (to optimize internal information platform and database, smart community service platform, ERP management system, SAP HR system, Clubhouse management system, etc.); to upgrade community equipment and facilities, reduce costs and increase efficiency, and improve property owners' satisfaction. (Energy saving renovation of facilities, improving community environment, maintenance of water, electricity and heating facilities, upgrades and maintenance of equipment and facilities, upgrades and renovation of garages, etc.).	8%	476.1	46.7	429.4	On or before 31 December 2023
To attract and cultivate talents, continue to conduct talent cultivation through school-enterprise cooperation, and plan to provide employees with more trainings on corporate culture and business operation, and encourage employees to obtain work-related certificates, thereby improving their professionalism, personal efficiency and performance.	2%	119.0	17.0	102.0	On or before 31 December 2023
To satisfy the expected increasing needs for working capital as a result of our rapid expansion, diversifying service offerings, continuous enrichment of the portfolio of property types, and strengthening corporate brand building.	10%	595.1	30.0	565.1	On or before 31 December 2023
<b>Total</b>	<b>100%</b>	<b>5,951.2</b>	<b>1,456.2</b>	<b>4,495.0</b>	<b>/</b>



# Corporate Governance and Other Information

## Share Option Scheme

The shareholders of the Company has resolved at the extraordinary general meeting of the Company held on 10 May 2021 to adopt the share option scheme of the Company (the “**Share Option Scheme**”).

The purpose of the Share Option Scheme is to enable the Company to grant options to selected eligible participants as incentives or rewards for their contribution or potential contribution to the Group. The Directors consider that the Share Option Scheme will serve to motivate the eligible participants to contribute to the Group’s development. The Share Option Scheme, which will be in the form of options to subscribe for Shares, will enable the Group to recruit, incentivize and retain high-calibre staff, which the Directors consider that it is in line with modern commercial practice that eligible participants, which will include full-time or part-time employees, executives, officers or directors of the Group and of any associated corporation of the Company, and any advisors, consultants, agents, suppliers or joint venture partners who have contributed to the Group, be given incentives and align their interests and objectives with that of the Group.

The Share Option Scheme does not specify a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised. However, the rules of the Share Option Scheme provide that the Board may determine, at its sole discretion, such terms and conditions on the grant of an option.

Based on 10,810,811,000 Shares in issue as at the date of the annual general meeting, the maximum number of Shares that may be issued upon the exercise of the options that may be granted under the Share Option Scheme is 1,081,081,100 Shares, being 10% of the issued share capital of the Company as at the date of the adoption of the Share Option Scheme.

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme to any eligible participant shall not exceed 1% of the Shares in issue within any 12-month period.

Any option offer will be deemed to have been granted and accepted by the grantee when the duplicate offer document constituting acceptance of the option duly signed by the grantee, and a remittance in favour of the Company of HK\$1.00 as consideration for the grant thereof is received by the Company.

The exercise price of the options is determined by the Board at its absolute discretion and will be not less than the highest price of the official closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of offer, the average official closing prices of the Company’s shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant and the nominal value of the shares of the Company.

The aggregate number of Shares which may be issued upon the exercise of all share options that may be granted under the Share Option Scheme and all outstanding share options granted and yet to be exercised under the other share option schemes of the Company has not exceeded 30% of the Shares in issue.

The Share Option Scheme shall be valid and effect for a period of 10 years commencing from the date of its adoption. No options have been granted by the Company under the Share Option Scheme from the date of its adoption to 30 June 2021.

### Directors' Interests and Short Positions in Shares, Underlying Shares and Debenture

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

(i) Interest in shares and underlying shares of the Company

Name of Director	Number of shares interested	Approximate percentage of shareholding
Mr. Victor Huang	70,000	0.00%

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

Name of Director	Name of associated corporations	Number of shares interested	Approximate percentage of shareholding
Mr. Zhao Changlong	China Evergrande Group	6,600,000 <sup>(Note)</sup>	0.05%
Mr. Hu Liang	China Evergrande Group	3,300,000 <sup>(Note)</sup>	0.02%
	HengTen Networks Group Limited	12,000	0.00%
Mr. Wang Zhen	China Evergrande Group	1,300,000 <sup>(Note)</sup>	0.00%
Ms. An Lihong	China Evergrande Group	250,000 <sup>(Note)</sup>	0.00%
	HengTen Networks Group Limited	24,000	0.00%

*Note:* Such interest is in the form of share options of China Evergrande Group.



(iii) Interest in debentures of associated corporations of the Company

Name of Director	Name of associated corporations	Currencies of debentures	Amount of debentures held	Amount of debentures in same class in issue
Mr. Victor Huang	China Evergrande Group	US\$	200,000	1,000,000,000

Save as disclosed above, as at 30 June 2021, none of the Directors, chief executives of the Company or their respective associates had any other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### Interests and Short Positions of Substantial Shareholders

So far as is known to any Director or chief executive of the Company, as at 30 June 2021, the following persons had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of the SFO or were otherwise notified to the Company and the Stock Exchange:

Name of shareholder	Capacity in which interests are held	Interest in Shares	Approximate percentage of shareholding
Dr. Hui Ka Yan	Interest in controlled corporation	6,590,229,000 <sup>(1)</sup>	60.96%
Mrs. Hui	Spouse interest	6,590,229,000 <sup>(2)</sup>	60.96%
Xin Xin (BVI) Limited	Interest in controlled corporation	6,590,229,000 <sup>(3)</sup>	60.96%
China Evergrande Group	Interest in control corporation and beneficial owner	6,590,229,000 <sup>(4)</sup>	60.96%
Anji (BVI) Limited	Interest in controlled corporation	6,383,074,000 <sup>(5)</sup>	59.04%
Shengjian (BVI) Limited	Interest in controlled corporation	6,383,074,000 <sup>(5)</sup>	59.04%
CEG Holdings Limited	Beneficial owner	6,383,074,000 <sup>(5)</sup>	59.04%

Notes:

- Such shares are held by China Evergrande Group and its subsidiaries. Dr. Hui Ka Yan ("**Dr. Hui**") is the controlling shareholder of China Evergrande Group and is deemed to be interested in such shares under the SFO.
- Mrs. Hui is the spouse of Dr. Hui and is deemed to be interested in the same interest of Dr. Hui in the Company under the SFO.
- Xin Xin (BVI) Limited is a company wholly owned by Dr. Hui and is the direct controlling shareholder of China Evergrande Group. Xin Xin (BVI) Limited is deemed to be interested in the shares held by China Evergrande Group in the Company under the SFO.
- Of the 6,590,229,000 Shares, 6,383,074,000 Shares are held by China Evergrande Group through its subsidiaries and 207,155,000 Shares are held directly by China Evergrande Group.

CEG Holdings Limited is directly owned as to 50% by China Evergrande Group and as to 50% by Shengjian (BVI) Limited. Shengjian (BVI) Limited is wholly owned by Anji (BVI) Limited, which is in turn wholly owned by China Evergrande Group. By virtue of the SFO, Shengjian (BVI) Limited, Anji (BVI) Limited and China Evergrande Group are deemed to be interested in the Shares held by CEG Holdings Limited.

## Interim Dividend

The Board has resolved not to pay an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

## Purchase, Sale and Redemption of Shares

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries purchased or redeemed any of the Company's listed securities.

## Model Code on Securities Transactions by Directors

The Group has adopted the Model Code set forth in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as the code of conduct for securities transactions conducted by the directors. Having made due and careful enquiries with the directors, the Company confirmed that for the six months ended 30 June 2021, all directors have abided by the Model Code.

## Corporate Governance

The Company has been in compliance with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2021.

## Subsequent Event

There has not been any material development or changes to the operation of the Group since 30 June 2021 to the date of this report.

## Review of Interim Report by the Audit Committee

The Audit Committee of the Board comprises three members who are all independent non-executive Directors, namely, Mr. Victor Huang (chairman), Mr. Chan Chun Hung, Vincent and Mr. Guo Zhaohui. The Audit Committee has reviewed the Group's interim results for the six months ended 30 June 2021, and discussed with the Company's management regarding the review, internal and risk controls and other relevant matters.



## Condensed Consolidated Statements of Comprehensive Income

	Note	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited) (Restated)
Revenue	6	7,873,439	4,677,615
Cost of sales	8	(4,934,913)	(2,935,852)
<b>Gross profit</b>		<b>2,938,526</b>	1,741,763
Administrative and marketing expenses	8	(443,439)	(231,886)
Net impairment losses on financial assets	8	(9,891)	(46,920)
Other income	7	88,669	49,217
Other gains/(losses)		1,311	(97)
<b>Operating profit</b>		<b>2,575,176</b>	1,512,077
Share of net profit of investments accounted for using the equity method		1,126	–
Finance costs	10	(24,957)	(12,589)
<b>Profit before income tax</b>		<b>2,551,345</b>	1,499,488
Income tax expenses	11	(616,880)	(352,354)
<b>Profit for the period</b>		<b>1,934,465</b>	1,147,134
<b>Profit/(Loss) attributable to:</b>			
– Owners of the Company		1,935,257	1,148,176
– Non-controlling interests		(792)	(1,042)
		<b>1,934,465</b>	1,147,134
<b>Other comprehensive (expense)/income</b>			
Items that may be reclassified to profit or loss			
Currency translation differences		(220)	207
<b>Total comprehensive income for the period</b>		<b>1,934,245</b>	1,147,341
<b>Total comprehensive income/(expense) attributable to:</b>			
– Owners of the Company		1,935,037	1,148,383
– Non-controlling interests		(792)	(1,042)
		<b>1,934,245</b>	1,147,341
<b>Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)</b>			
– Basic and diluted	13	0.18	0.11

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

## Condensed Consolidated Balance Sheets

	Note	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited) (Restated)
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	14	71,853	54,100
Intangible assets	15	2,701,771	128,683
Right-of-use assets		41,163	24,793
Investment properties		35,106	–
Investments accounted for using the equity method		9,071	–
Deferred income tax assets		95,437	80,311
		<b>2,954,401</b>	<b>287,887</b>
<b>Current assets</b>			
Trade and other receivables	16	5,577,547	4,196,305
Prepayments	17	30,517	13,729
Financial assets at fair value through profit or loss		119,317	–
Cash and cash equivalents	18	14,003,833	12,605,396
Restricted cash	18	24,155	5,222
		<b>19,755,369</b>	<b>16,820,652</b>
<b>Total assets</b>		<b>22,709,770</b>	<b>17,108,539</b>
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	19	7,060	7,060
Reserves	20	6,766,070	6,572,290
Retained earnings		5,068,357	3,316,298
		<b>11,841,487</b>	<b>9,895,648</b>
<b>Non-controlling interests</b>		<b>72,122</b>	<b>10,962</b>
<b>Total equity</b>		<b>11,913,609</b>	<b>9,906,610</b>



	Note	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited) (Restated)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	21	200,000	–
Other payables	22	325,343	–
Derivative financial liabilities		64,447	–
Lease liabilities		18,068	11,314
Deferred income tax liabilities		262,333	14,888
		<b>870,191</b>	26,202
<b>Current liabilities</b>			
Borrowings	21	153,700	–
Contract liabilities		3,214,428	2,725,759
Trade and other payables	22	5,443,823	4,144,842
Amounts due to related parties		98,529	51,744
Current income tax liabilities		990,404	238,881
Lease liabilities		25,086	14,501
		<b>9,925,970</b>	7,175,727
<b>Total liabilities</b>		<b>10,796,161</b>	7,201,929
<b>Total equity and liabilities</b>		<b>22,709,770</b>	17,108,539

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

The financial information on pages 36 to 68 was approved by the board of directors on 31 August 2021 and was signed on its behalf:

**Zhen Litao**  
*Director*

**Hu Liang**  
*Director*



## Condensed Consolidated Statement of Changes in Equity

	Note	Attributable to owners of the Company			Subtotal RMB'000	Non- controlling interests RMB'000	Total RMB'000
		Share capital RMB'000 (Note 19)	Reserves RMB'000 (Note 20)	Retained earnings RMB'000			
Unaudited:							
<b>Balance at 1 January 2021</b>		7,060	6,522,290	3,393,829	9,923,179	10,962	9,934,141
Common control combination	3(c)	-	50,000	(77,531)	(27,531)	-	(27,531)
<b>Balance at 1 January 2021 (restated)</b>		7,060	6,572,290	3,316,298	9,895,648	10,962	9,906,610
<b>Comprehensive income</b>							
Profit for the period		-	-	1,935,257	1,935,257	(792)	1,934,465
Currency translation differences		-	(220)	-	(220)	-	(220)
<b>Transactions with owners of the Company</b>							
Acquisition of subsidiaries	24	-	-	-	-	61,952	61,952
Capital contribution by the then shareholder of the subsidiary acquired under common control	20	-	50,000	-	50,000	-	50,000
Acquisition of subsidiary under common control	20	-	(39,198)	-	(39,198)	-	(39,198)
Transfer to statutory reserves	20	-	183,198	(183,198)	-	-	-
<b>Balance at 30 June 2021</b>		7,060	6,766,070	5,068,357	11,841,487	72,122	11,913,609



	Attributable to owners of the Company					Non-controlling interests	Total
	Note	Combined capital	Reserves	Retained earnings	Subtotal		
<b>Balance at 1 January 2020</b>		105,751	267,885	1,387,971	1,761,607	12,850	1,774,457
Common control combination	3(c)	–	50,000	(76,631)	(26,631)	–	(26,631)
<b>Balance at 1 January 2020 (restated)</b>		105,751	317,885	1,311,340	1,734,976	12,850	1,747,826
<b>Comprehensive income</b>							
Profit/(loss) for the period		–	–	1,148,176	1,148,176	(1,042)	1,147,134
Currency translation differences		–	207	–	207	–	207
<b>Transactions with owners of the Company</b>							
Acquisition of the Remaining Group during the Reorganisation		(63,376)	30,585	–	(32,791)	–	(32,791)
Dividends to the then shareholders of subsidiaries		–	–	(7,329)	(7,329)	–	(7,329)
Transfer to statutory reserves	20	–	3,389	(3,389)	–	–	–
<b>Balance at 30 June 2020 (restated)</b>		42,375	352,066	2,448,798	2,843,239	11,808	2,855,047

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

## Condensed Consolidated Statement of Cash Flows

	Note	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Restated)
<b>Cash flows of operating activities</b>			
Cash generated from operations		2,011,408	53,425
PRC enterprise income tax paid		(92,903)	(15,806)
Net cash generated from operating activities		1,918,505	37,619
<b>Cash flows of investing activities</b>			
Acquisition of subsidiaries	24(a)	(886,793)	–
Purchases of property and equipment		(7,634)	(6,424)
Purchase of intangible assets		(2,541)	–
Disposal of property, equipment and investment properties		595	38
Proceeds from disposal of joint ventures and associates		613	–
Proceeds from disposal of financial assets at fair value through profit or loss		826,569	–
Purchase of financial assets at fair value through profit or loss		(776,620)	–
Decrease in amounts due from related parties		–	57,695
Net cash (used in)/generated from investing activities		(845,811)	51,309
<b>Cash flows of financing activities</b>			
Proceeds from borrowings		350,000	1,961
Repayments of borrowings		(68,038)	(1,961)
Interest paid		(2,691)	(231)
Lease payments		(10,116)	(7,940)
Increase in amounts due to related parties		7,587	338
Payments for the acquisition of subsidiaries from the Remaining Group during the Reorganisation		–	(28,100)
Capital injection by the then shareholder of the subsidiary acquired under common control	20	50,000	–
Net cash generated from/(used in) financing activities		326,742	(35,933)
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of period		12,605,396	685,685
Exchange losses on cash and cash equivalents		(999)	–
<b>Cash and cash equivalents at end of period</b>		<b>14,003,833</b>	<b>738,680</b>

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



# Notes to the Financial Information

## 1 General information

Evergrande Property Services Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 13 March 2020 as an exempted company with limited liability under the Companies Law (Cap. 22. Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company’s ultimate holding company is China Evergrande Group, an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The initial listing of the Company’s shares on the Main Board of the Stock Exchange (the “**Listing**”) constitutes a spin-off from China Evergrande Group (the “**Spin-Off**”). China Evergrande Group and its subsidiaries excluding the Group, are collectively referred to as the “**Remaining Group**” in the financial statements.

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are primarily engaged in the provision of property management services and related value-added services.

The Company’s shares were listed on the Stock Exchange on 2 December 2020.

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

The condensed consolidated interim financial information is presented in Renminbi (“**RMB**”) and rounded to nearest thousand yuan, unless otherwise stated. The condensed consolidated interim financial information has been approved for issue by the board of directors (the “**Board**”) on 31 August 2021.

This condensed interim financial information has not been audited.

## 2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2021 (“**Interim Financial Information**”) has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting”.

The Interim Financial Information does not include all the notes of the type normally included in an annual financial report. Accordingly, the Interim Financial Information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2020, which have been prepared in accordance with Financial Reporting Standards (“**HKFRS**”).

## 3 Accounting policies

Except as described below, the accounting policies applied are consistent with those applied in the annual financial statements for the year ended 31 December 2020, as described in those annual financial statements.

### 3.1 New standards and amendments to standards adopted by the Group

The Group has applied the following new standards and amendments and interpretation to standards for the first time for the Group’s financial year commencing 1 January 2021.

Standards/Interpretations	Subject of standards/amendments
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9, and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2

The adoption of the new standards and amendments does not have significant impact on the condensed consolidated interim financial information.



### 3 Accounting policies (continued)

#### 3.2 New standards and amendments to standards that have been issued but are not effective

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2021 and have not been early adopted by the Group:

Standards/Interpretations	Subject of standards/amendments	Effective for accounting periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Presentation of financial statements on classification of liabilities	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds Before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements	Annual Improvements to HKFRS Standards 2018-2020 Cycle	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of the above new standards, amendments and interpretations, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors of the Group, no significant impact on the Group's operating results or financial position when they become effective.

### 3 Accounting policies (continued)

#### 3.3 Application of Business Combination under Common Control

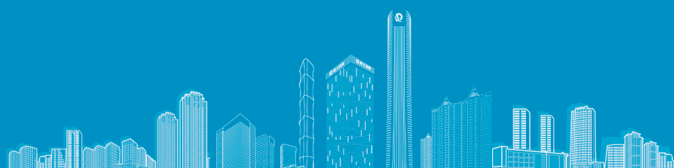
On 27 April 2021, the Company (through its direct wholly-owned subsidiary) entered into the acquisition agreement with Evergrande Internet Group Co., Ltd (the “Evergrande Internet Group”), pursuant to which the Company agreed to acquire the entire equity interest of Evergrande Insurance Agency Co., Ltd (“Evergrande Insurance Agency”) at a consideration of RMB39,198,300. Evergrande Insurance Agency is a wholly-owned subsidiary of the Evergrande Internet Group, and is principally engaged in the insurance agency business. Evergrande Internet Group is a wholly-owned subsidiary of China Evergrande Group.

For the purpose of these interim condensed consolidated financial information, the Company and Evergrande Insurance Agency were under common control of China Evergrande Group, therefore it is accounted for as a business combination under common control. The assets and liabilities of the entities are consolidated by the Group using the existing book values from the controlling parties’ perspective as if Evergrande Insurance Agency had been in existence within the Group structure throughout the periods presented, or since the date when the companies first came under the control of ultimate controlling party, whichever is a shorter period.

No amount is recognised in consideration for goodwill or excess of acquirer’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of business combination under common control, to the extent of the continuation of the ultimate controlling party’s interest.

The following is a reconciliation of the effect arising from the business combination under common control of Evergrande Insurance Agency on the consolidated balance sheet as at 1 January 2020 and 31 December 2020.

	As at 1 January 2020		
	The Group (originally stated) RMB’000	Effects of business combination under common control RMB’000	Restated RMB’000
Total assets	7,456,655	38,142	7,494,797
Total liabilities	5,682,198	64,773	5,746,971
Share capital	105,751	–	105,751
Reserves	267,885	50,000	317,885
Retained earnings	1,387,971	(76,631)	1,311,340
Non-controlling interests	12,850	–	12,850
Total equity	1,774,457	(26,631)	1,747,826



### 3 Accounting policies (continued)

#### 3.3 Application of Business Combination under Common Control (continued)

	As at 31 December 2020		
	The Group (originally stated) RMB'000	Effects of business combination under common control RMB'000	Restated RMB'000
Total assets	17,064,149	44,390	17,108,539
Total liabilities	7,130,008	71,921	7,201,929
Share capital	7,060	–	7,060
Reserves	6,522,290	50,000	6,572,290
Retained earnings	3,393,829	(77,531)	3,316,298
Non-controlling interests	10,962	–	10,962
<b>Total equity</b>	<b>9,934,141</b>	<b>(27,531)</b>	<b>9,906,610</b>

	Six months ended 30 June 2020		
	The Group (originally stated) RMB'000	Effects of business combination under common control RMB'000	Restated RMB'000
Revenue	4,563,855	113,760	4,677,615
Cost of sales	(2,826,168)	(109,684)	(2,935,852)
Operating profit/(loss)	1,512,690	(613)	1,512,077
Profit/(loss) for the period	1,147,693	(559)	1,147,134
<b>Profit attributable to:</b>			
Owners of the Company	1,148,735	(559)	1,148,176
Non-controlling interests	(1,042)	–	(1,042)
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	1,148,942	(559)	1,148,383
Non-controlling interests	(1,042)	–	(1,042)



### 3 Accounting policies (continued)

#### 3.4 Principles of equity accounting

##### 3.4.1 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (note 3.4.2), after initially being recognised at cost.

##### 3.4.2 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### 3.5 Investment properties

Investment properties, principally freehold office buildings, are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are presented in profit or loss as part of other income.



### 3 Accounting policies (continued)

#### 3.6 Investments and other financial assets

The classification, recognition and derecognition is same as the accounting policy disclosed in the annual financial statements for the year ended 31 December 2020.

##### *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss (“**FVPL**”) are expensed in profit or loss.

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. The Group only held two measurement categories of debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **FVPL:** Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

#### 3.7 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The subsequent changes in fair value is recognised immediately in profit or loss within “other gains/(losses)”.

## 4 Financial risk management

### 4.1 Financial risk factors

#### 4.1.1 Market risk

##### (i) Foreign exchange risk

The Group's normal operating activities are principally conducted in RMB since most of the operating entities are based in the PRC. The foreign exchange risk mainly arises from monetary assets and liabilities of certain subsidiaries denominated in foreign currencies other than their functional currencies.

The Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet are as follows:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Monetary assets		
– HK\$	<b>61,981</b>	78,573
– US\$	<b>3,227</b>	3,431
	<b>65,208</b>	82,004

As at 30 June 2021, if RMB had strengthened/weakened by 5% (31 December 2020: 5%) against the relevant foreign currencies with all other variables held constant, post-tax profit for the period ended 30 June 2021 and for the year ended 31 December 2020 would have been approximately RMB3,260,000 and RMB4,100,000 lower/higher, respectively.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020.

There have been no changes in the risk management department or in any risk management policies since year ended 31 December 2020.



## 4 Financial risk management (continued)

### 4.1 Financial risk factors (continued)

#### 4.1.2 Liquidity risk

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

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>At 30 June 2021</b>					
Borrowings	172,912	110,262	103,339	–	386,513
Lease liabilities	27,248	12,131	7,193	–	46,572
Amount due to related parties	98,529	–	–	–	98,529
Trade and other payables (excluding accrued payroll liabilities and other tax payable)	4,587,741	333,650	31,954	–	4,953,345
	<b>4,886,430</b>	<b>456,043</b>	<b>142,486</b>	<b>–</b>	<b>5,484,959</b>

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>At 31 December 2020 (restated)</b>					
Lease liabilities	15,954	8,079	6,087	194	30,314
Amount due to related parties	51,744	–	–	–	51,744
Trade and other payables (excluding accrued payroll liabilities and other tax payable)	3,564,746	–	–	–	3,564,746
	<b>3,632,444</b>	<b>8,079</b>	<b>6,087</b>	<b>194</b>	<b>3,646,804</b>

## 4 Financial risk management (continued)

### 4.1 Financial risk factors (continued)

#### 4.1.3 Fair value measurement of financial instruments

##### (a) Fair value hierarchy

The table below analyses financial instruments carried or presented at fair value, by level of the inputs to valuation techniques used to measure fair value. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

At 30 June 2021	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Financial Assets</b>				
Financial assets at fair value through profit or loss ("FVPL")	–	–	119,317	119,317
<b>Financial Liabilities</b>				
Derivative financial liabilities	–	–	64,447	64,447

(b) The following table presents the changes in level 3 financial instruments for six months ended 30 June 2021:

	Financial Assets			Derivative financial liabilities RMB'000
	Wealth management products RMB'000	Unlisted entity investment RMB'000	Total RMB'000	
<b>Opening balance as at 1 January 2021</b>	–	–	–	–
Addition	776,620	–	776,620	64,447
Acquisition of subsidiaries	148,447	19,320	167,767	–
Gains recognised in profit or loss	1,499	–	1,499	–
Disposal	(826,569)	–	(826,569)	–
<b>Ending balance as at 30 June 2021</b>	<b>99,997</b>	<b>19,320</b>	<b>119,317</b>	<b>64,447</b>



## 5 Segment information

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

During the six months ended 30 June 2021, the Group is principally engaged in the provision of property management services and related value-added services in the PRC.

Subsequent to the listing on the Stock Exchange, the Group acquired several property management companies from third parties. All the acquired subsidiaries were principally engaged in the provision of property management services and related value-added services. After acquisition, management reviews the operating results of the business of the acquired subsidiaries and the original business to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there are several operating segments, which are used to make strategic decisions.

For the six months ended 30 June 2021, all the segments are domiciled in the PRC and all the revenue are derived in the PRC, and the segments are principally engaged in the provision of similar services to similar customers. All operating segments of the Group were aggregated into a single reportable segment.

The principal operating entities of the Group are domiciled in the PRC and majority of revenue is derived in the PRC during the six months ended 30 June 2021. As at 30 June 2021, majority of the non-current assets of the Group were located in the PRC.

## 6 Revenue

Revenue mainly comprises of proceeds from property management services and related value-added services. An analysis of the Group's revenue by category for the six months ended 30 June 2021 and 2020 is as follows:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Property management services	<b>4,757,289</b>	2,824,261
Value-added services to non-property owners	<b>1,977,526</b>	1,231,480
Community value-added services	<b>1,138,624</b>	621,874
	<b>7,873,439</b>	4,677,615
Timing of revenue recognition		
– Over time	<b>7,154,016</b>	4,175,344
– At a point in time	<b>719,423</b>	502,271
	<b>7,873,439</b>	4,677,615

## 7 Other income

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Government grants (Note a)	<b>46,650</b>	39,978
Interest income	<b>36,298</b>	1,943
Income from overdue fine	<b>4,422</b>	5,974
Others	<b>1,299</b>	1,322
	<b>88,669</b>	49,217

- (a) Government grants which mainly consisted of additional input value-added tax deduction, tax refund for employment of retired soldiers and refund of paid unemployment insurance.



## 8 Expenses by nature

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Employee benefit expenses (Note 9)	2,730,000	1,953,879
Greening and cleaning expenses	1,242,831	430,203
Maintenance costs	545,287	258,095
Utilities	249,595	190,871
Commission expenses	139,385	109,465
Short-term and low value lease expenses	91,134	61,189
Depreciation and amortisation charges	76,722	18,227
Costs of security	67,068	6,601
Tax and other levies	59,593	46,167
Office expenses	48,640	36,845
Travelling and entertainment expenses	32,999	17,669
Cost of goods sold	17,169	–
Community activities expenses	15,156	10,598
Uniform costs	14,741	5,490
Bank charges	11,143	6,858
Allowance for impairment losses on financial assets	9,891	46,927
Consultancy fees	6,898	1,672
Others	29,991	13,902
	<b>5,388,243</b>	<b>3,214,658</b>

## 9 Employee benefit expenses

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Salaries, bonuses and other benefits	2,504,322	1,904,961
Contribution to pension scheme expenses (Note a)	225,678	48,918
	<b>2,730,000</b>	<b>1,953,879</b>

- (a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the prior year employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.



## 10 Finance costs

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Interest expenses of amortisation of long-term payables	<b>13,928</b>	–
Interest expenses on borrowings	<b>3,387</b>	231
Interests on lease liabilities	<b>1,763</b>	775
Other finance costs (Note a)	<b>5,879</b>	11,583
	<b>24,957</b>	12,589

(a) Other finance costs represented the finance expenses contained in the one-off discount offered by the Group to the individual property owners for their advanced payments of property management fees.

## 11 Income tax expenses

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Current income tax	<b>621,039</b>	365,311
Deferred income tax	<b>(4,159)</b>	(12,957)
	<b>616,880</b>	352,354

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries in the British Virgin Islands ("BVI") were incorporated under the International Business Companies Act of the BVI and accordingly, are exempted from British Virgin Island income tax.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the current period in respect of operations in Hong Kong.

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the periods, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate is 25% for the six months ended 30 June 2021 and 30 June 2020. Certain subsidiaries and branches of the Group in the PRC are located in western cities, and they are subject to a preferential income tax rate of 15% during the six months ended 30 June 2021 and 30 June 2020. The subsidiary and branches of the Group located in Hainan Province are qualified to enjoy the preferential income tax rate of 15% since 1 January 2020.



## 11 Income tax expenses (continued)

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Profit before income tax	<b>2,551,345</b>	1,499,488
Tax calculated at applicable corporate income tax rate of 25%	<b>637,836</b>	374,873
Tax effects of:		
– Expenses not deductible for tax purposes	<b>2,771</b>	1,027
– Effect of different tax rates applicable to certain subsidiaries and branches	<b>(23,727)</b>	(23,546)
	<b>616,880</b>	352,354

## 12 Dividends

No dividend has been declared or paid by the Company since its incorporation and up to the date of this report.

## 13 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares during the six months ended 30 June 2021 and 2020. In determining the weighted average number of ordinary shares in issue during the six months ended 30 June 2020, the 10,000,000,000 shares of the Company issued during the Reorganisation was deemed to have been in issue since 1 January 2020.

The Company did not have any potential ordinary shares outstanding during the six months ended 30 June 2021 and 2020. Diluted earnings per share is equal to basic earnings per share.

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Profit attributable to owners of the Company (RMB'000)	<b>1,935,257</b>	1,148,176
Weighted average number of ordinary shares in issue (in thousands)	<b>10,810,811</b>	10,000,000
Basic earnings per share attributable to the owners of the Company during the period (expressed in RMB per share)	<b>0.18</b>	0.11

## 14 Property and equipment

	Property RMB'000	Machinery RMB'000	Vehicles RMB'000	Furniture, fitting and equipment RMB'000	Total RMB'000
<b>As at 1 January 2021</b>					
Cost	2,646	39,404	21,408	106,988	170,446
Accumulated depreciation	(114)	(29,180)	(11,552)	(75,500)	(116,346)
<b>Opening net book amount (restated)</b>	<b>2,532</b>	<b>10,224</b>	<b>9,856</b>	<b>31,488</b>	<b>54,100</b>
Additions	–	1,523	1,506	4,605	7,634
Acquisition of subsidiaries (Note 24)	–	2,379	12,425	10,103	24,907
Disposals	(1)	(3)	(23)	(42)	(69)
Depreciation charge	(66)	(1,229)	(4,372)	(9,052)	(14,719)
<b>Closing net book amount</b>	<b>2,465</b>	<b>12,894</b>	<b>19,392</b>	<b>37,102</b>	<b>71,853</b>
<b>As at 30 June 2021</b>					
Cost	2,634	43,246	34,880	121,076	201,836
Accumulated depreciation	(169)	(30,352)	(15,488)	(83,974)	(129,983)
<b>Net book amount</b>	<b>2,465</b>	<b>12,894</b>	<b>19,392</b>	<b>37,102</b>	<b>71,853</b>
<b>As at 1 January 2020</b>					
Cost	2,276	35,574	19,923	94,865	152,638
Accumulated depreciation	–	(23,496)	(8,535)	(63,412)	(95,443)
<b>Opening net book amount (originally stated)</b>	<b>2,276</b>	<b>12,078</b>	<b>11,388</b>	<b>31,453</b>	<b>57,195</b>
Common control combination (restated)	–	28	–	748	776
<b>Opening net book amount (restated)</b>	<b>2,276</b>	<b>12,106</b>	<b>11,388</b>	<b>32,201</b>	<b>57,971</b>
Additions	–	1,158	838	4,428	6,424
Disposals	–	(6)	(25)	(104)	(135)
Depreciation charge	(54)	(3,035)	(1,754)	(6,379)	(11,222)
<b>Closing net book amount</b>	<b>2,222</b>	<b>10,223</b>	<b>10,447</b>	<b>30,146</b>	<b>53,038</b>
<b>As at 30 June 2020 (restated)</b>					
Cost	2,276	36,648	20,274	99,803	159,001
Accumulated depreciation	(54)	(26,425)	(9,827)	(69,657)	(105,963)
<b>Closing net book amount (restated)</b>	<b>2,222</b>	<b>10,223</b>	<b>10,447</b>	<b>30,146</b>	<b>53,038</b>



## 15 Intangible assets

	Computer software RMB'000	Property management contracts and customer relationship RMB'000	Goodwill RMB'000	Total RMB'000
<b>As at 1 January 2021</b>				
Cost	14,308	61,823	56,619	132,750
Accumulated amortisation	(1,794)	(2,273)	–	(4,067)
<b>Opening net book amount (restated)</b>	<b>12,514</b>	<b>59,550</b>	<b>56,619</b>	<b>128,683</b>
Additions	2,541	–	–	2,541
Acquisition of subsidiaries (Note 24)	3,345	1,051,169	1,572,093	2,626,607
Amortisation	(2,206)	(53,854)	–	(56,060)
<b>Closing net book amount</b>	<b>16,194</b>	<b>1,056,865</b>	<b>1,628,712</b>	<b>2,701,771</b>
<b>As at 30 June 2021</b>				
Cost	20,193	1,112,992	1,628,712	2,761,897
Accumulated amortisation	(3,999)	(56,127)	–	(60,126)
<b>Net book amount</b>	<b>16,194</b>	<b>1,056,865</b>	<b>1,628,712</b>	<b>2,701,771</b>
<b>As at 1 January 2020</b>				
Cost	1,339	–	–	1,339
Accumulated amortisation	(906)	–	–	(906)
<b>Opening net book amount (originally stated)</b>	<b>433</b>	<b>–</b>	<b>–</b>	<b>433</b>
Common control combination (restated)	1,096	–	–	1,096
<b>Opening net book amounts (restated)</b>	<b>1,529</b>	<b>–</b>	<b>–</b>	<b>1,529</b>
Amortisation	(233)	–	–	(233)
<b>Closing net book amount</b>	<b>1,296</b>	<b>–</b>	<b>–</b>	<b>1,296</b>
<b>As at 30 June 2020</b>				
Cost	2,467	–	–	2,467
Accumulated amortisation	(1,171)	–	–	(1,171)
<b>Net book amount</b>	<b>1,296</b>	<b>–</b>	<b>–</b>	<b>1,296</b>

## 15 Intangible assets (continued)

- (a) During the six months ended 30 June 2021, the Group acquired seven property management companies at an aggregate cash consideration of RMB2,413,077,000 (Note 24). Identified property management contract and customer relationship of RMB1,051,169,000 is recognised as intangible assets. The excess of the consideration of acquisition over proportion of the value of the acquired identifiable net assets of RMB1,572,093,000 is recorded as goodwill.

As the result of management assessment, no impairment provision on goodwill was recognised as at 30 June 2021.

## 16 Trade and other receivables

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Trade receivables		
– Related parties (Note 25)	<b>2,572,439</b>	1,681,775
– Third parties	<b>2,567,022</b>	1,495,758
Notes receivables		
– Related parties (Note 25)	<b>19,087</b>	758,465
– Third parties	<b>1,100</b>	5,390
Gross trade receivables	<b>5,159,648</b>	3,941,388
Less: allowance for impairment of trade and notes receivables	<b>(168,008)</b>	(113,818)
	<b>4,991,640</b>	3,827,570
Value added tax recoverable	<b>21,275</b>	10,347
Other receivables		
– Payments on behalf of property owners (Note c)	<b>406,190</b>	333,524
– Deposits	<b>117,309</b>	27,096
– Others	<b>81,962</b>	19,670
Gross other receivables	<b>605,461</b>	380,290
Less: allowance for impairment of other receivables	<b>(40,829)</b>	(21,902)
	<b>564,632</b>	358,388
	<b>5,577,547</b>	4,196,305



## 16 Trade and other receivables (continued)

- (a) Trade receivables mainly arise from property management services income under lump sum basis and value-added service. Property management service income is received in accordance with the terms of the relevant services agreements. Value-added service income is usually due for payment upon the issuance of document of settlement.
- (b) As at 30 June 2021 and 31 December 2020, the aging analysis of the trade and notes receivables based on date of revenue recognition were as follows:

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
0 to 180 days	3,343,083	2,477,366
181 to 365 days	1,361,811	1,094,667
1 to 2 years	246,577	204,942
2 to 3 years	96,598	80,314
Over 3 years	111,579	84,099
	<b>5,159,648</b>	<b>3,941,388</b>

- (c) Payments on behalf of property owners mainly represented utilities costs of properties.
- (d) As at 30 June 2021 and 31 December 2020, trade and other receivables were denominated in RMB and the fair value of trade and other receivables approximate their carrying amounts.
- (e) As at 30 June 2021 and 31 December 2020, the net book value of trade and other receivables (excluding value-added tax recoverable) of RMB5,556,272,000 and RMB4,185,958,000 represented the Group's maximum exposure to credit losses.

## 17 Prepayments

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Prepayments to suppliers		
– Related parties (Note 25)	11,229	4,666
– Third parties	19,288	9,063
	<b>30,517</b>	<b>13,729</b>

## 18 Cash and bank balances

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Cash on the hand	3,844	3,228
Cash at bank (Note a)	14,024,144	12,607,390
Less : Restricted cash (Note b)	(24,155)	(5,222)
<b>Cash and cash equivalents</b>	<b>14,003,833</b>	<b>12,605,396</b>

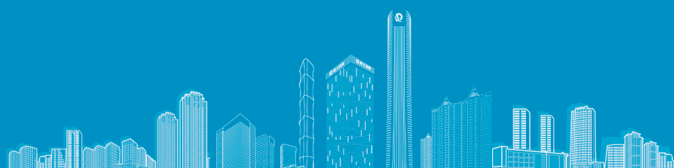
(a) Cash and bank balances were denominated in the following currencies:

RMB	13,962,780	12,528,614
HKD	61,981	78,573
USD	3,227	3,431
	<b>14,027,988</b>	<b>12,610,618</b>

(b) Restricted bank deposits mainly represent the cash deposits in bank as performance security for property management services according to the requirements of local government authorities, and the restricted share capital of Evergrande Insurance Agency.

## 19 Share capital

	30 June 2021 Number of shares	31 December 2020 Number of shares	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Issued and fully paid	10,810,811,000	10,810,811,000	7,060	7,060



## 20 Reserves

	Share premium RMB'000	Statutory reserves RMB'000	Capital reserves RMB'000 (Note b)	Exchange reserves RMB'000	Total RMB'000
<b>Six months ended 30 June 2021</b>					
Balance at 1 January 2021	5,944,185	371,774	257,239	(908)	6,572,290
Transfer to statutory reserves (Note a)	-	183,198	-	-	183,198
Capital contribution by the then shareholder of the subsidiary acquired under common control (Note b)	-	-	50,000	-	50,000
Acquisition of subsidiary under common control (Note b)	-	-	(39,198)	-	(39,198)
Currency translation differences	-	-	-	(220)	(220)
<b>Balance at 30 June 2021</b>	<b>5,944,185</b>	<b>554,972</b>	<b>268,041</b>	<b>(1,128)</b>	<b>6,766,070</b>
<b>Six months ended 30 June 2020</b>					
Balance at 1 January 2020	-	91,970	225,681	234	317,885
Transfer to statutory reserves (Note a)	-	3,389	-	-	3,389
Effect of group reorganisation in acquiring subsidiaries from the then shareholder of the Group	-	-	30,585	-	30,585
Currency translation differences	-	-	-	207	207
<b>Balance at 30 June 2020</b>	<b>-</b>	<b>95,359</b>	<b>256,266</b>	<b>441</b>	<b>352,066</b>

(a) Statutory reserves

In accordance with relevant rules and regulations in the PRC and the Company's Articles of Association, companies incorporated in PRC are required to transfer no less than 10% of their profit after taxation calculated under PRC accounting standards and regulations to the statutory reserve funds, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve funds can only be used, upon approval by the relevant authority, to offset previous years' losses or to increase the capital of respective companies.

(b) Acquisition of subsidiary under common control

The Group acquired Evergrande Insurance Agency at a consideration of RMB39,198,000 on 27 April 2021. The acquisition is regarded as a business combination under common control.

As the then shareholder of Evergrande Insurance Agency, Evergrande Internet Group Co., Ltd has injected capital of RMB50,000,000 in March 2021. The financial statements have been prepared using the principles of merger accounting and the excess of paid up capital over the considerations is credited to capital reserves.



## 21 Borrowings

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Borrowings included in current liabilities:		
Bank borrowings	<b>153,700</b>	–
Borrowings included in non-current liabilities:		
Bank borrowings	<b>200,000</b>	–
	<b>353,700</b>	–

At the 30 June 2021, the Group's borrowing of RMB300,000,000 were secured by pledge of the equity interest of a subsidiary, Ningbo Yatai Hotel Property Services Co., Ltd..

## 22 Trade and other payables

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Trade payables (Note a)		
– Related parties (Note 25)	<b>140,696</b>	113,703
– Third parties	<b>1,775,049</b>	1,475,176
	<b>1,915,745</b>	1,588,879
Notes payables (Note a)		
– Related parties (Note 25)	<b>631</b>	3,757
– Third parties	<b>256,548</b>	844,528
	<b>257,179</b>	848,285
Other payables		
– Outstanding considerations payable for business combinations	<b>1,230,988</b>	37,929
– Amounts temporarily received from/on behalf of property owners or leaser (Note b)	<b>662,459</b>	586,707
– Deposits	<b>467,707</b>	322,528
– Other tax payables	<b>312,331</b>	189,609
– Dividend payable to the shareholder before acquisition	<b>128,382</b>	–
– Interest payables	<b>696</b>	–
– Others	<b>249,928</b>	180,418
	<b>3,052,491</b>	1,317,191
Accrued payroll	<b>543,751</b>	390,487
Trade and other payables	<b>5,769,166</b>	4,144,842
Less: non-current portion of other payables	<b>325,343</b>	–
Current portion	<b>5,443,823</b>	4,144,842



## 22 Trade and other payables (continued)

- (a) As at 30 June 2021 and 31 December 2020, the ageing analysis of the trade and notes payables based on goods and services received were are follows:

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Up to 1 year	2,146,873	2,386,395
1 to 2 years	13,800	32,152
2 to 3 years	5,378	10,201
More than 3 years	6,873	8,416
	<b>2,172,924</b>	2,437,164

- (b) The amounts mainly represented utilities expenses temporarily collected from the property owners to be paid to related service providers and rental income collected from leasees to be returned to the property owners.
- (c) As at 30 June 2021 and 31 December 2020, trade and other payables were denominated in RMB and the carrying amounts of trade and other payables approximate their fair values.

## 23 Commitments

### (a) Capital commitments

Considerations to be paid for acquisitions of subsidiaries contracted for but not yet completed is as follows:

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Up to 1 year	8,903	–
1 to 2 years	–	37,929
2 to 3 years	6,140	–
	<b>15,043</b>	37,929

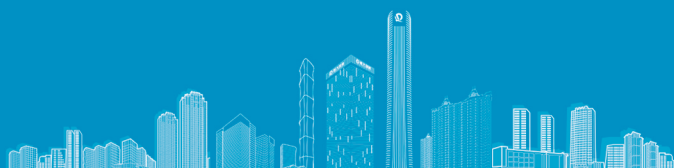
## 24 Business combinations

During the six months ended 30 June 2021, the Group acquired seven property management companies at an aggregate cash consideration of RMB2,413,077,000. Identified property management contract and customer relationship of RMB1,051,169,000 is recognised as intangible assets. The excess of the consideration of acquisition over proportion of the value of the acquired identifiable net assets of RMB1, 572,093,000 (note 15) is recorded as goodwill.

## 24 Business combinations (continued)

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

	RMB'000
Purchase consideration	
Total fair value of cash consideration	2,413,077
<hr/>	
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and bank balances	244,777
Financial assets at fair value through profit or loss	167,767
Prepayments	7,758
Trade and other receivables	650,253
Property and equipment (Note 14)	24,907
Property management contracts and customer relationships (Note 15)	1,051,169
Other intangible assets (Note 15)	3,345
Right-of-use assets	25,114
Investment properties	35,143
Investments accounted for using the equity method	9,684
Deferred income tax assets	26,314
Borrowings	(71,738)
Contract liabilities	(121,870)
Trade and other payables	(637,098)
Current income tax liabilities	(223,387)
Lease liabilities	(26,410)
Deferred income tax liabilities	(262,792)
Total identifiable net assets	902,936
Less: non-controlling interests	(61,952)
<hr/>	
Identifiable net assets attributable to the Group	840,984
<hr/>	
Goodwill (Note 15)	1,572,093
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## 24 Business combinations (continued)

(a) Net cash outflow arising on acquisition during the six months ended 30 June 2021:

	RMB'000
Total fair value of cash considerations	2,413,077
Less: cash considerations payable as at 30 June 2021	(1,281,507)
Cash considerations paid in the period	1,131,570
Less: cash and cash equivalents in the subsidiaries acquired	(244,777)
Net cash outflow	886,793

(b) **Acquired receivables**

The fair value of trade and other receivables is RMB650,253,000, the gross contractual amount for trade receivables due is RMB713,479,000, with a loss allowance of RMB63,226,000 recognised on acquisition.

(c) **Revenue and profit contribution**

The acquired business contributed revenues of RMB1,052,835,000 and net profit of RMB77,898,000 to the group for the period from their respective acquisition dates to 30 June 2021. If the acquisition had occurred on 1 January 2021, consolidated revenue and consolidated profit after tax for the six months ended 30 June 2021 would have been RMB8,257,186,000 and RMB1,982,804,000 respectively.

## 25 Related party transactions

(a) **Transactions with related parties**

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Revenue from rendering of services		
– Controlled by the Group's ultimate holding company	<b>2,491,462</b>	1,597,434
– Joint ventures of the Group's ultimate holding company	<b>79,418</b>	64,377
	<b>2,570,880</b>	1,661,811
Purchase of goods and services		
– Controlled by the Group's ultimate holding company	<b>50,509</b>	63,516
Leasing car parking spaces		
– Controlled by the Group's ultimate holding company	<b>87,166</b>	40,498

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





## 25 Related party transactions (continued)

### (b) Balances with related parties (continued)

- (i) The above trade and notes receivable, prepayments and trade and notes payable are trading nature, interest-free and repayable according to terms in contracts.
- (ii) Amounts due to related parties were non-trade nature, interest-free and payable on demand, and were fully settled during the six months ended 30 June 2021.

### (c) Key management compensation

Key management includes directors and senior management. Compensations for key management are set out below:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Salaries, bonuses and other benefits	<b>8,966</b>	5,057
Contribution to pension scheme expenses	<b>128</b>	19
	<b>9,094</b>	5,076

