



# 2021 INTERIM REPORT

First Service Holding Limited  
**第一服务控股有限公司**

(Incorporated in the Cayman Islands with limited liability)  
Stock code: 2107

# 2107.HK

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Interim Report 2021

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Liu Peiqing (劉培慶)  
Mr. Jia Yan (賈岩)  
Mr. Jin Chungang (金純剛)  
Ms. Zhu Li (朱莉)

### Non-executive Directors

Mr. Zhang Peng (張鵬) (*Chairman of the Board*)  
Mr. Long Han (龍晗)

### Independent Non-executive Directors

Ms. Sun Jing (孫靜)  
Ms. Zhu Caiqing (朱彩清)  
Mr. Cheng Peng (程鵬)

## AUDIT COMMITTEE

Ms. Sun Jing (*Chairman*)  
Ms. Zhu Caiqing  
Mr. Cheng Peng

## REMUNERATION COMMITTEE

Mr. Cheng Peng (*Chairman*)  
Mr. Zhang Peng  
Ms. Zhu Caiqing

## NOMINATION COMMITTEE

Mr. Zhang Peng (*Chairman*)  
Ms. Zhu Caiqing  
Mr. Cheng Peng

## AUTHORISED REPRESENTATIVES

Mr. Liu Peiqing  
Ms. Szeto Kar Yee Cynthia (司徒嘉怡)

## COMPANY SECRETARY

Ms. Szeto Kar Yee Cynthia (ACG, ACS)

## HEADQUARTERS

3rd Floor, Building 10  
Wanguocheng MOMA  
No. 1 Xiangheyuan Road, Dongzhimenwai  
Dongcheng District  
Beijing, PRC

## REGISTERED OFFICE

PO Box 309  
Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F., Tower Two  
Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

## HONG KONG LEGAL ADVISER

Miao & Co. (in association with Han Kun Law Offices)  
Rooms 3901-05, 39/F  
Edinburgh Tower, The Landmark  
15 Queen's Road Central  
Hong Kong

## INDEPENDENT AUDITOR

KPMG  
*Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance*  
8th Floor  
Prince's Building  
10 Chater Road  
Central  
Hong Kong

## COMPLIANCE ADVISER

Soochow Securities International Capital Limited  
Level 17, Three Pacific Place  
1 Queen's Road East  
Hong Kong

## Corporate Information

### **THE CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Maples Fund Services (Cayman) Limited  
PO Box 1093, Boundary Hall  
Cricket Square, Grand Cayman, KY1-1102  
Cayman Islands

### **HONG KONG SHARE REGISTRAR**

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

### **PRINCIPAL BANK**

China Guangfa Bank, Beijing Dongzhimen Branch  
1/F, Tower A  
Donghuan Plaza  
9 Dongzhong Street, Dongcheng District  
Beijing, PRC

### **COMPANY'S WEBSITE**

[www.firstservice.hk](http://www.firstservice.hk)

## Company Profile

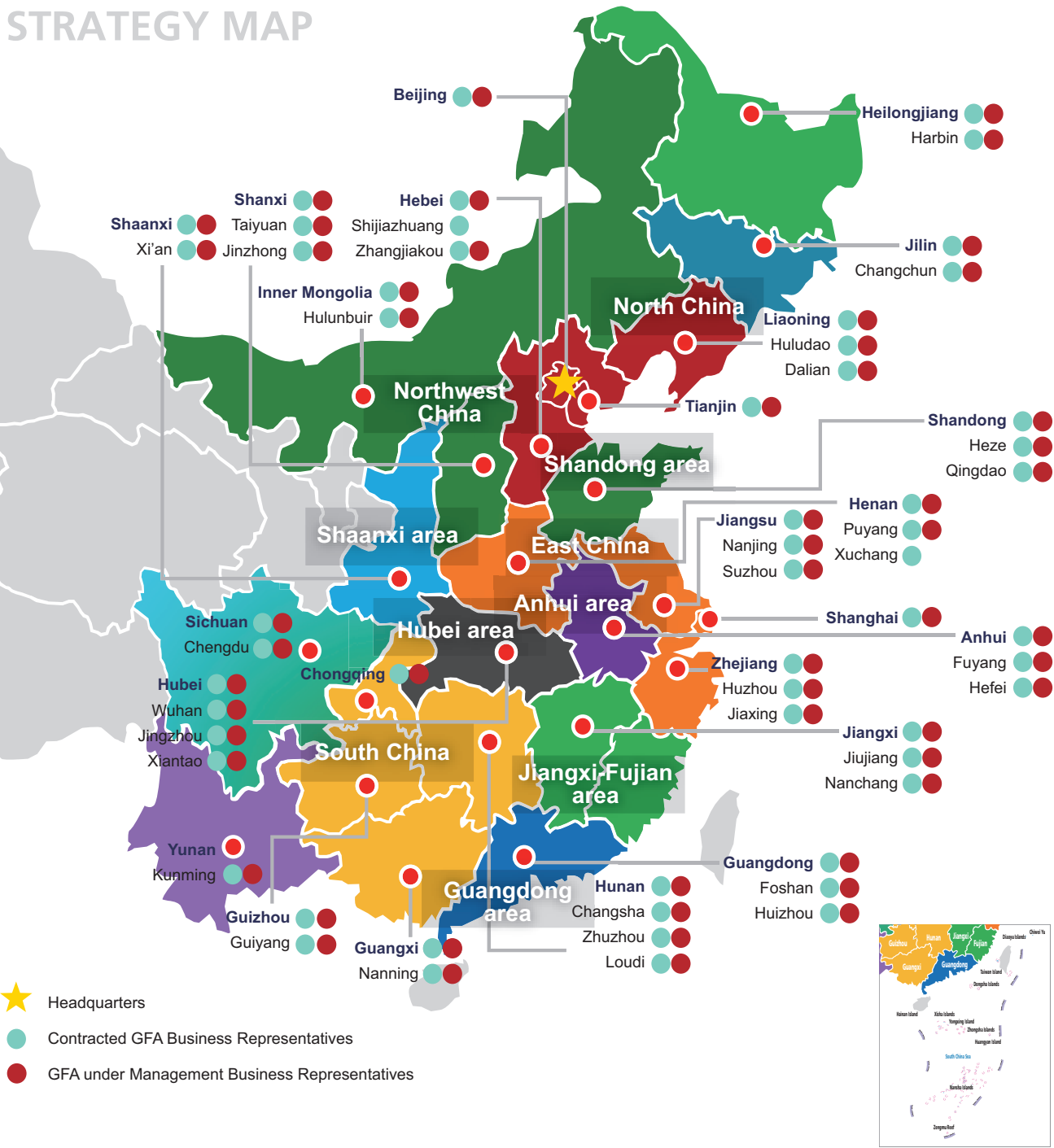
### Overview of First Service Holding (2107.HK)

Founded in Beijing in 1999, First Service Holding was listed on the Main Board of the Stock Exchange with the stock code of 2107 on 22 October 2020. It is a green service company that provides property management services, community operation services, building technology consulting and research and development of products, energy station operation and maintenance. It positions itself as an operator of full-lifecycle living homes and industry homes with technological living and homelike service and is committed to providing customers with green, healthy and digitally connected living experiences.

First Service Holding has a wide presence in large and medium-sized cities across China with businesses involving residential buildings, villas, office buildings, hospitals, colleges and universities and industrial parks etc.. First Service Holding is a holder of the certificate of high and new technology enterprise at national level and is a council member of China Property Management Institute, with a level one property services qualification certificate issued by the Ministry of Housing and Urban-Rural Development (MOHURD). It has been ranked among the Top 100 Property Management Companies in China for seven consecutive years for its strong performance in comprehensive corporate management and green technology brand building. It won the TOP23 list of “2021 Top 100 Property Management Companies in China” (2021年中國物業企業百強榜).

# Company Profile

## STRATEGY MAP



As of 30 June 2021, the Company had expanded its geographic presence to 103 cities (municipalities and autonomous regions) in 25 provinces; and established 10 regional companies in total.

# Financial Highlights

## Highlights

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	<i>RMB'000</i>
		<i>As restated</i>
Revenue	<b>508,764</b>	330,872
Profit before income tax	<b>93,234</b>	46,294
Profit for the period	<b>71,753</b>	34,204
Total comprehensive income for the period	<b>67,297</b>	34,080
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>RMB'000</b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	<i>As restated</i>
<b>Assets</b>		
Non-current assets	<b>276,424</b>	51,589
Current assets	<b>1,128,615</b>	1,162,165
Total assets	<b>1,405,039</b>	1,213,754
<b>Equity and liabilities</b>		
Equity attributable to the equity owners of the Company	<b>673,657</b>	652,857
Total equity	<b>715,282</b>	673,415
Non-current liabilities	<b>42,130</b>	995
Current liabilities	<b>647,627</b>	539,344
Total liabilities	<b>689,757</b>	540,339
Total equity and liabilities	<b>1,405,039</b>	1,213,754

# Chairman's Statement



Dear stakeholders,

On behalf of the Board, I am pleased to present the business review of the Group for the six months ended 30 June 2021 and the Group's prospects.

## Overview

The year 2021 is the first year of the country's 14th Five-Year Plan. Looking back at the first half of the year, the national development plan and related policies pointed out the future development direction of the property management industry, creating unprecedented favorable conditions for the rapid growth and standardized development of the industry. As a leading property management service provider in China that promotes comfortable living through technological innovation and green living solutions that cover the full property life-cycle, we have developed a strong momentum since the Listing. In the first half of 2021, we have successively acquired Dalian Yahang and Qingdao Luohang, indicating the diverse business development trend of the Group. With outstanding performance in three aspects, namely our scale, strength and service quality, we ranked 23rd in the "2021 Top 100 Property Management Companies in China."



# Chairman's Statement

## ***Maintain Strong Momentum in our Business Development***

As of 30 June 2021, our total GFA under management amounted to approximately 53.2 million sq.m., and our total contracted GFA amounted to approximately 73.0 million sq.m. As of 30 June 2021, we had contracted to provide property management services in 103 cities across 25 provinces (municipalities and autonomous regions) in China. The rapid expansion of our GFA under management is attributable to our active market expansion as well as our successful acquisition of two property management companies, namely Dalian Yahang and Qingdao Luohang, in the first half of 2021.

## ***Optimization of our Core Business Lines***

We continued to expand the scale of our existing core business lines so as to create ongoing revenue streams. In the first half of 2021, we were involved in 60 green technology consulting projects and had operated 28 energy operation projects. We have also achieved breakthroughs in our energy station construction projects which contributed to the steady growth of our green living solution business. We consistently enhanced our quality management and service innovation to provide a comfortable living experience for our customers. We kept abreast with the market development and provided new types of value-added services that focus on the daily needs of our customers such as home decoration services and community commerce services.

## ***Upgrade and Improvement of our Research and Development Capabilities***

In terms of research and development of green living solutions, we have achieved the following progress: (i) upgrading our AIRDINO systems for passive houses, which has greatly reduced equipment noise and improved purification and dust removal efficiency; (ii) developing modular radiant ceiling systems that are well-integrated with modular interior decoration products, which greatly shorten the construction period, reduce construction costs, and effectively reduce carbon emissions during the decoration process; (iii) developing a new model of "flexible" four stabilizing system, leveraging AIOT (the integration of AI and IoT technologies), smart home and our self-developed AIRDINO systems to further reduce energy consumptions, carbon emissions and operating costs, as well as adapt to the diverse needs of customers more flexibly; (iv) completing the research and development of smart home control panel to realise the integration of smart home panel, air-conditioning control panel and intercom access control panel, to achieve the interconnection of the community property service system and the smart home control system.

We have also established a preliminary technical design for the cross-seasonal energy storage technologies used in ground-source heat pump system, and completed the computational simulation and AI algorithm modeling for the unattended system in the energy machine room. Through continuous technological improvements, we will save energy, reduce operating costs, and increase the profitability of energy operation projects. Our research and development capabilities have laid a solid foundation for our future development in the green living solution market.

## ***Significant Increase in our Profitability***

Leveraging on our in-depth industry know-how, we provided high quality services to our customers. Our efforts have been evidenced in our financial results. For the six months ended 30 June 2021, we recorded a profit of approximately RMB71.8 million, representing an increase of approximately 109.9% as compared with the same period in 2020, and a net profit margin of 14.1%, representing an increase of approximately 0.7 percentage points as compared with the same period in 2020. Our profit attributable to equity shareholders of the Company for the six months ended 30 June 2021 amounted to approximately RMB65.2 million, representing an increase of approximately 100.6% as compared with the same period in 2020.

# Chairman's Statement

## Outlook

Our mission is to provide customers with digitally connected, green and healthy living experiences. We will continue to implement the following strategies in furtherance of this goal:

- **Continue to expand the scale of our property management business through multiple channels.** We will implement certain business development initiatives to enhance our popularity among property developer clients and expand our market share, including (i) strengthening our existing and establishing new relationships with companies that oversee and manage property development projects, and digital twins service providers that can build visual simulations of property development projects to facilitate effective management, (ii) building relationships with providers who are often involved in the early stages of developing commercial properties and public facilities, and (iii) ramping up marketing and public relations initiatives in relation to third-party developers by participating in more industry conferences and tender biddings. We also intend to strategically acquire or invest in small- and medium-sized property management companies, focusing our expansion efforts on the Beijing-Tianjin-Hebei Region, Bohai Rim Region, Yangtze River Delta, Pearl River Delta and Northwestern China. In the future, we will pay close attention to industry segmentation and the development of upstream and downstream industries of the property industry, and endeavour to improve our service quality and create strategic synergies with our upstream and downstream industries, and focus on acquiring regional leading enterprises and urban service businesses.
- **Invest in energy operation projects and obtain energy operation rights.** In the first half of 2021, we were engaged in several new energy operation projects. These projects covered areas, including, among others, Beijing and Shangqiu in Henan Province, involving centralized clean heating projects in regions and distributed air-source heat pump projects in residential communities. We will continue to obtain operational rights for energy operation projects through strategies such as investing in new projects, acquiring and upgrading existing projects, and etc. In addition, combining industry development trends with policy guidance against the dual-carbon backdrop, the government actively promotes ground-source heat pumps, air-source heat pumps, photovoltaics, clean energy and other forms of technologies, at the same time, conducts quota energy management for public building facilities across the country. These policies will provide the Group with broader market opportunities. In the future, we will focus on emission reduction, low-carbon, zero-carbon clean energy stations and regional energy businesses surrounding commercial offices, office buildings, schools, hospitals, industrial parks, residential housing and other areas with a target to break through the first- and second-tier cities. At the same time, by relying on the existing projects of our company as the regional center to radiate surrounding projects, we will complete the national distributed layout and seize high-quality project resources.
- **Develop intelligent community and enhance our information technology systems.** Through the linkage of software and hardware upgrades, we empower management and customers to improve management efficiency and user experience, thereby reduce management cost and improve operational performance. In particular, we will develop and continue to upgrade a multi-functional and user-friendly online platform to enhance the living experiences of property owners and residents. We have initially completed the followings: (i) built IoT platforms to open up the core management and service scenarios of the green digital community; (ii) completed the automated car park management systems, access control management systems, equipment and facilities monitoring and alert systems, and energy data collection control systems for some communities; (iii) completed the property operation management platform (green housekeeper app) covering all communities, allowing employees, property owners, and businesses to connect seamlessly and realize an end-to-end service mechanism with online and offline linkage. In the future, we will continue to deepen and consolidate the concept of green digital property management, create omni-directional service scenarios, and provide property owners with a more comfortable, greener, and more technological one-stop green intelligent community.

## Chairman's Statement

- **Continue to research and develop green technologies for commercialization.** The introduction of the national dual-carbon strategy gives rise to important development opportunities for green technologies. We will keep an eye on this national strategy and continue to research and develop technology systems which help to create comfortable and green residential communities, as well as healthy technological housing products that can achieve high comfort and low energy consumption. We will continue to refine our AIRDINO systems, improve their performances continuously to meet the needs of customers. We will enhance energy saving efficiency by studying green technologies, including, among others, the cross-seasonal energy storage capabilities in connection with ground-source heat pump systems and the unattended technologies in the energy machine room. Through exploring the use of IoT, big data and artificial intelligence technologies, the efficient operation of energy stations can be realized. Meanwhile, we will build and develop intelligent systems, such as developing intelligent home platform, improving the control systems of our AIRDINO products and upgrading energy automatic control systems.
- **Continue to attract and nurture talent.** We believe that the long-term sustainable development of our employees is an important factor to the long-term growth of the Group's performance. We implemented the "Talented Apprentice" (匠才生) recruitment and training scheme to recruit fresh graduates with bachelor's degree and above, so as to provide enterprises with long-term core talent pools; implemented the "Talented Leaders Scheme" (將才計劃) to hunt and bring in mature business and management talents from external source; implemented the "Elite Lieutenants Program" (精兵營) to guarantee the provision of systematic training for the promotion of internal staff; implemented the "Elite Program" (精銳營) to lay a solid foundation for the management and operation of the management team and core team; and continue to nurture and develop talents who are willing to contribute to green property management, so as to maintain a rapid and healthy development for our Company.

Looking forward, we will continue to focus on promoting comfortable living through technological innovations and strive to provide our customers with digitally connected, green and healthy living experiences in the communities we serve in China. We will seize the opportunities, build and solidify our competitiveness and move forward in accordance with our established strategies to achieve rapid development with confidence and determination.

**Zhang Peng**

*Chairman*

24 August 2021

# Management Discussion and Analysis



## BUSINESS REVIEW

### Revenue

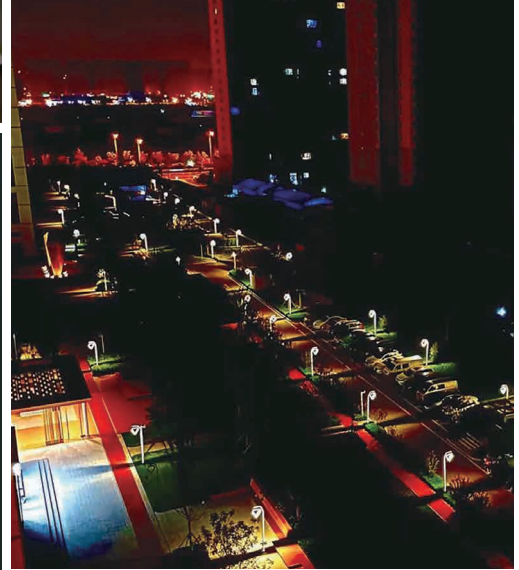
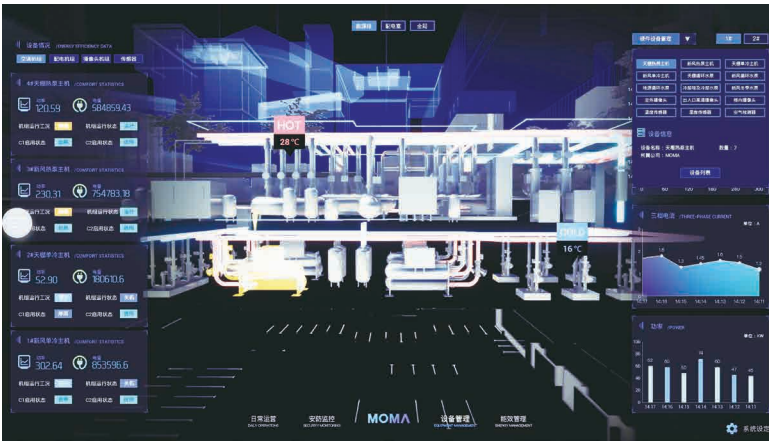
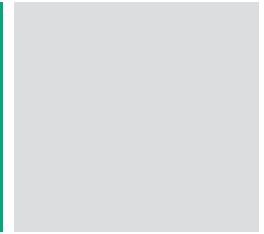
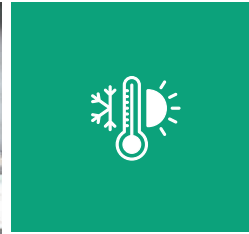
We generate revenue primarily through our three business lines, namely (i) property management services, (ii) green living solutions, and (iii) value-added services. Our revenue increased by approximately 53.8% from RMB330.9 million for the six months ended 30 June 2020 to RMB508.8 million for the same period in 2021.

### *Property Management Services*

Our property management services consist of cleaning, security, gardening and repair and maintenance services provided to property developers, property owners and residents. Revenue generated from our property management services increased by approximately 74.2% from RMB139.2 million for the six months ended 30 June 2020 to RMB242.4 million for the same period in 2021. This increase was primarily attributable to the increase in our GFA under management by approximately



# Management Discussion and Analysis



245.3% from 15.4 million sq.m. as of 30 June 2020 to 53.2 million sq.m. as of 30 June 2021, mainly resulting from the significant increase in the number of property management projects sourced from third parties from 30 projects as of 30 June 2020 to 369 projects as of 30 June 2021 due to our acquisitions of Dalian Yahang and Qingdao Luohang.

The Group's type of properties under management became more diverse and its business portfolio was further optimized. The following table sets forth a breakdown of our total number of contracted property management projects/projects under management and our contracted GFA/GFA under management by property type as of the dates indicated:

As of or for the six months ended 30 June

	2021						2020					
	No. of contracted projects	Contracted GFA '000 sq.m.		No. of projects under management	GFA under management '000 sq.m.		No. of contracted projects	Contracted GFA '000 sq.m.		No. of projects under management	GFA under management '000 sq.m.	
			%			%			%			%
Residential properties	242	40,791	55.9	147	21,451	40.3	174	28,659	97.2	90	14,897	96.7
Public properties	131	12,853	17.6	131	12,853	24.2	4	278	0.9	3	144	0.9
Commercial and other properties	182	19,350	26.5	179	18,898	35.5	11	536	1.9	8	367	2.4
<b>Total</b>	<b>555</b>	<b>72,994</b>	<b>100.0</b>	<b>457</b>	<b>53,202</b>	<b>100.0</b>	<b>189</b>	<b>29,473</b>	<b>100.0</b>	<b>101</b>	<b>15,408</b>	<b>100.0</b>

## Management Discussion and Analysis

The table below sets forth a breakdown of our total number of property management projects under management for the periods indicated, and GFA under management as of the dates indicated and for the periods indicated, by project source:

	As of or for the six months ended 30 June					
	No. of projects under management	2021		No. of projects under management	2020	
		GFA under management '000 sq.m.	%		GFA under management '000 sq.m.	%
Modern Land Group	80	11,406	21.4	64	9,856	64.0
Other associates of our controlling shareholders <sup>(1)</sup>	8	1,309	2.5	7	1,230	8.0
Third parties	369	40,487	76.1	30	4,322	28.0
<b>Total</b>	<b>457</b>	<b>53,202</b>	<b>100.0</b>	<b>101</b>	<b>15,408</b>	<b>100.0</b>

Note:

- (1) Includes projects sourced from other associates of our controlling shareholders (as defined under the Listing Rules) (excluding Modern Land Group), namely (i) Modern Investment Group Co., Ltd. and Super Land Holdings Limited and each of their respective subsidiaries and 30%-controlled companies (as defined under the Listing Rules).

We were also able to increase our contracted GFA sourced from third parties at high speed. The table below sets forth a breakdown of our number of contracted projects, contracted GFA and undelivered GFA as of the dates indicated and for the periods indicated, by project source:

	As of or for the six months ended 30 June									
	No. of contracted projects	2021				No. of contracted projects	2020			
		Contracted GFA '000 sq.m.	%	Undelivered GFA '000 sq.m.	%		Contracted GFA '000 sq.m.	%	Undelivered GFA '000 sq.m.	%
Modern Land Group	114	18,756	25.7	7,350	37.1	101	15,555	52.8	5,699	40.5
Other associates of our controlling shareholders	21	3,924	5.4	2,615	13.2	19	2,913	9.9	1,683	12.0
Third parties	420	50,314	68.9	9,827	49.7	70	11,005	37.3	6,682	47.5
<b>Total</b>	<b>555</b>	<b>72,994</b>	<b>100.0</b>	<b>19,792</b>	<b>100.0</b>	<b>189</b>	<b>29,473</b>	<b>100.0</b>	<b>14,064</b>	<b>100.0</b>

# Management Discussion and Analysis

## Green Living Solutions

We provide green living solutions to property developers, property owners and residents, comprising (i) energy operation services, where we operate energy stations to provide central heating and cooling as an alternative to government-operated centralized heating systems, (ii) green technology consulting and systems installation services, where we design and install energy systems and energy stations to enhance indoor comfort, and (iii) selling our self-developed AIRDINO systems, which singly combine fresh air ventilation, air conditioning, purification and humidification control capabilities and offer an efficient alternative to the purchase and installation of multiple devices.

The following table sets forth our revenue from green living solutions by service category for the periods indicated:

	Six months ended 30 June			
	2021		2020	
	RMB'000	%	RMB'000	%
Energy operation services	65,425	56.2	56,045	64.4
Systems installation services	34,708	29.8	16,800	19.3
Green technology consulting services	7,942	6.8	11,535	13.3
Sales of AIRDINO systems	8,295	7.2	2,582	3.0
<b>Total</b>	<b>116,370</b>	<b>100.0</b>	<b>86,962</b>	<b>100.0</b>

Revenue generated from our green living solutions increased by approximately 33.8% from RMB87.0 million for the six months ended 30 June 2020 to RMB116.4 million for the same period in 2021. This increase was primarily due to (i) the growth of our system installation service business because our high-quality products had won the general customer recognition, (ii) the good reputation of the service quality of our green living solutions as well as the growing GFA under management and (iii) the increase in the number of energy operation projects under management.

## Value-Added Services

We primarily provide five types of value-added services to non-property owners, property owners and residents, namely (i) sales assistance services, (ii) parking space management services, (iii) home living services, (iv) communal area leasing services, and (v) preliminary planning and design consultancy services.

## Management Discussion and Analysis

The following table sets forth our revenue from value-added services by service type for the periods indicated:

	Six months ended 30 June			
	2021		2020	
	RMB'000	%	RMB'000	%
<b>Value-added services to non-property owners</b>				
Sales assistance services	73,131	48.8	52,674	50.3
Preliminary planning and design consultancy services	6,746	4.5	3,020	2.9
Subtotal	79,877	53.3	55,694	53.2
<b>Community value-added services</b>				
Parking space management services	34,624	23.1	20,242	19.3
Home living services	28,278	18.9	24,839	23.7
Communal area leasing services	7,168	4.7	3,984	3.8
Subtotal	70,070	46.7	49,065	46.8
<b>Total</b>	<b>149,947</b>	<b>100.0</b>	<b>104,759</b>	<b>100.0</b>

Revenue generated from our value-added services increased by approximately 43.0% from RMB104.8 million for the six months ended 30 June 2020 to RMB149.9 million for the same period in 2021. This increase was primarily due to (i) an increase in revenue from sales assistance services of RMB20.5 million because the number of our sales assistance service centers increased as the COVID-19 pandemic subsided, and (ii) an increase in revenue from parking space management services of RMB14.4 million attributable to the growth of both the number of projects under management and GFA under management as well as the increase in parking space usage as the COVID-19 pandemic being under control and residents traveled more in the first half of 2021.

### Cost of Sales

Our cost of sales increased by approximately 55.0% from RMB218.0 million for the six months ended 30 June 2020 to RMB337.9 million for the same period in 2021, in line with our business expansion.

### Gross Profit and Gross Profit Margin

Our gross profit increased by approximately 51.4% from RMB112.8 million for the six months ended 30 June 2020 to RMB170.8 million for the same period in 2021.

Our gross profit margin decreased from 34.1% for the six months ended 30 June 2020 to 33.6% for the same period in 2021. This decrease was primarily attributable to the expansion of our property management service business which has a relatively low gross profit margin compared with our other business lines.



# Management Discussion and Analysis

Our gross profit margin of our property management services remained relatively stable at 26.6% for the six months ended 30 June 2020 and 26.1% for the same period in 2021.

Our gross profit margin of our green living solutions increased from 31.8% for the six months ended 30 June 2020 to 32.6% for the same period in 2021, which was primarily due to the increase in revenue contribution from our intelligent installation service which has a higher profit margin compared with our other business lines as a percentage of total revenue.

Our gross profit margin of our value-added services remained relatively stable at 46.0% for the six months ended 30 June 2020 and 46.4% for the same period in 2021.

## Other Income

Our other income decreased by approximately 13.5% from RMB14.1 million for the six months ended 30 June 2020 to RMB12.2 million for the same period in 2021. This decrease was primarily attributable to (i) a decrease in interest income due to reduced cash balance resulting from the repayment of a short-term loan to a third party and acquisitions of Dalian Yahang and Qingdao Luohang, and (ii) a decrease in net realised gain on financial assets measured at fair value through profit or loss, partially offset by (iii) an increase in government grants.

## Selling Expenses

Our selling expenses increased by approximately 109.4% from RMB3.2 million for the six months ended 30 June 2020 to RMB6.7 million for the same period in 2021, in line with our business expansion.

## Administrative Expenses

Our administrative expenses increased slightly by approximately 6.8% from RMB77.5 million for the six months ended 30 June 2020 to RMB82.8 million for the same period in 2021. Our administrative expenses for the six months ended 30 June 2020 included listing expenses of RMB13.7 million, while we incurred no listing expense for the corresponding period in 2021. Our administrative expenses increased by 29.7% for the six months ended 30 June 2021 as compared with the same period in 2020 (excluding the effect of one-off listing expenses recognised for the six months ended 30 June 2020), primarily due to (i) our business expansion, (ii) an increase in staff costs following our acquisitions of Dalian Yahang and Qingdao Luohang and (iii) an increase in expected credit losses. Our administrative expenses, excluding listing expenses, as a percentage of revenue decreased from 19.3% for the six months ended 30 June 2020 to 16.3% for the six months ended 30 June 2021, primarily due to (i) human resource sharing for the management of properties located in different regions, (ii) the optimization of our business process and (iii) our stricter cost management measures.

## Income Tax

Our income tax increased by approximately 77.7% from RMB12.1 million for the six months ended 30 June 2020 to RMB21.5 million for the same period in 2021. This increase was primarily attributable to the combined effect of the increase in profit for the period and deferred income tax liabilities.

## Profit for the Period

As a result of the foregoing, our profit for the period increased by approximately 109.9% from RMB34.2 million for the six months ended 30 June 2020 to RMB71.8 million for the six months ended 30 June 2021.

# Management Discussion and Analysis

## Trade and Other Receivables

As of 30 June 2021, trade and other receivables amounted to RMB432.2 million, representing an increase of approximately 40.7% as compared with RMB307.2 million as of 31 December 2020. The increase was primarily due to our business expansion and increase in revenue.

## Trade and Other Payables

As of 30 June 2021, trade and other payables amounted to RMB256.7 million, representing an increase of approximately 33.2% as compared with RMB341.8 million as of 31 December 2020. The increase was primarily due to (i) our business expansion and (ii) the improvement of our supply chain management in respect of supplier selection and approval of payments in pursuit of more flexible credit terms.

## Goodwill

As of 30 June 2021, goodwill amounted to RMB186.5 million, primarily due to our expected future development and market share following our acquisitions of equity interests in Dalian Yahang and Qingdao Luohang and our business expansion.

## Contingent Consideration

As of 30 June 2021, the Group had contingent consideration totaling RMB38.4 million which may arise from the performance undertaking provisions of acquisitions of Dalian Yahang and Qingdao Luohang. For details, please refer to the announcements of the Company dated 10 March 2021 and 30 March 2021.

## Capital Structure

Our total assets increased from RMB1,213.8 million as of 31 December 2020 to RMB1,405.0 million as of 30 June 2021. Our total liabilities increased from RMB540.3 million as of 31 December 2020 to RMB689.8 million as of 30 June 2021. Liabilities-to-assets ratio increased from 44.5% as of 31 December 2020 to 49.1% as of 30 June 2021.

The current ratio, being current assets divided by current liabilities as of the respective date, decreased from 2.16 as of 31 December 2020 to 1.74 as of 30 June 2021.

## Liquidity, Capital Resources and Gearing

For the six months ended 30 June 2021, we financed our operations primarily through internal resources, bank borrowings and the proceeds from the Global Offering. We mainly utilized our cash on payments on staff costs, purchases for services and materials and other working capital needs. Our cash and cash equivalents decreased by approximately 25.3% from RMB734.0 million as of 31 December 2020 to RMB548.5 million as of 30 June 2021, primarily attributable to cash used in acquisitions of Dalian Yahang and Qingdao Luohang.

Our gearing ratio, being total interest-bearing borrowings divided by total equity, increased from nil as of 31 December 2020 to 0.03 as of 30 June 2021, primarily due to the newly-obtained short-term borrowings in the first half of 2021.

## Capital Expenditure

Our capital expenditure decreased by approximately 15.8% from RMB1.9 million for the six months ended 30 June 2020 to RMB1.6 million for the same period in 2021. Our capital expenditure was used primarily for purchase of office and other equipment and software. We financed our capital expenditure primarily through our cash flow generated from operating activities.

# Management Discussion and Analysis

## Indebtedness

### Bank Loans

As of 30 June 2021, all of our bank loans of RMB22.1 million (as of 31 December 2020: nil) were repayable within one year or on demand, among which bank loans of RMB20.0 million were guaranteed. For details of the guaranteed loan, please refer to the announcement of the Company dated 30 June 2021.

As of 30 June 2021, our banking facilities with fixed interest rates totaling RMB22.1 million (as of 31 December 2020: nil) were utilized to the extent of RMB2.1 million (as of 31 December 2020: nil).

### Contingent Liabilities

The Group did not have any contingent liability as of 30 June 2021.

### Interim Dividend

The final dividend for the year ended 31 December 2020 of HK3.97 cents per share, totalling HKD39.7 million, has been approved at the AGM and was paid in cash on 12 July 2021.

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: nil).

### Pledge of Assets

As of 30 June 2021, the Group did not have any pledge of its assets.

### Significant Events After the Reporting Period

The Board intends to exercise its powers under the Repurchase Mandate in the open market at appropriate timing. Pursuant to the Repurchase Mandate, the Company is allowed to repurchase up to 100,000,000 Shares, representing 10% of the total number of issued Shares as at the date of the AGM, on the Stock Exchange. The Company intends to finance the Proposed Share Repurchase by its own financial resources other than proceeds from the Listing and will repurchase Shares at appropriate timing following the expiration of the black-out period for the publication of the interim results of the Company for the six months ended 30 June 2021 in compliance with the articles of association of the Company and all applicable laws and regulation. For details, please refer to the announcement of the Company dated 24 August 2021.

On 29 July 2021, the Company was informed that Cedar Group Management Limited (“Cedar”), one of the controlling shareholders of the Company, adopted a share award scheme (the “Cedar Share Award Scheme”) to eligible persons in order to retain them for the continuous operation and development of the Group, and to attract suitable personnel for further development of the Group. The award Shares will be satisfied by the existing Shares beneficially owned by Cedar and no new Share will be issued by the Company as a result of the grant of award Shares under the Cedar Share Award Scheme. As of the date of this interim report, a total of 63,782,250 Shares, representing all Shares held by Cedar before the adoption of the Cedar Share Award Scheme which were available for granting, have been granted and vested. Cedar no longer held any Share as of the date of this interim report.

# Management Discussion and Analysis

Except as disclosed in this interim report and note 18 to the financial statements, there are no material events subsequent to 30 June 2021 which could have a material impact on our operating and financial performance as of the date of this interim report.

## Foreign Exchange Risk and Hedging

We mainly operate in the mainland China with most of the transaction denominated and settled in Renminbi. We have not hedged its foreign currency exchange risks, but will closely monitor the exposure and will take measures when necessary to make sure the foreign exchange risks are manageable.

## Material Acquisitions and Future Plans for Major Investment

On 10 March 2021, First Property Beijing, an indirect wholly-owned subsidiary of the Company, Dalian Yahang, Mr. Bai Ding, Dalian Chunhui Enterprise Management Service Centre and Beijing Tonghe Property Management Co., Ltd. entered into an equity transfer agreement, pursuant to which First Property Beijing has agreed to acquire 80% equity interest in Dalian Yahang at a total consideration of RMB93,200,160. For details, please refer to the announcement of the Company dated 10 March 2021.

On 30 March 2021, First Property Beijing, Shanghai Lijin Architect Design Firm and Shanghai Luomiao Architectural Engineering Design Center, Weihai Shangcheng Information Consultancy Co., Ltd., Ms. Wang Zhilan, Qingdao Luohang, Shandong Shangcheng Property Services Co., Ltd., Qingdao Shangcheng Property Services Co., Ltd. and Liaocheng Shangcheng Property Services Co., Ltd. entered into the equity transfer agreements, pursuant to which First Property Beijing has agreed to acquire 100% equity interest in Qingdao Luohang at a total consideration of RMB135,800,000. For details, please refer to the announcement of the Company dated 30 March 2021.

Save as disclosed above, the Group did not have any other material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2021. The Group will continue to identify new opportunities for business development.

## Company Information

The Company was incorporated in the Cayman Islands on 20 January 2020 as an exempted company with limited liability, and the Shares were listed on the Main Board of the Stock Exchange on 22 October 2020.

## Employees

As of 30 June 2021, we had a total of 3,502 employees, all of whom were based in China.

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration package for our employees generally includes salary and discretionary bonuses. We determine employee remuneration based on factors such as qualifications and years of experience. Employees also receive welfare benefits, including medical care, retirement benefits, occupational injury insurance and other miscellaneous items. We make contributions to mandatory social security funds for our employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits.

## No Material Change

Since the publication of our audited financial statements for the year ended 31 December 2020 on 22 March 2021, there have been no material change to our business.

# Management Discussion and Analysis

## Use of Proceeds

The Company was listed on the Stock Exchange on 22 October 2020. The net proceeds from the Global Offering amounted to approximately HKD571.2 million. The following table sets forth the status of the use of net proceeds from the Global Offering<sup>(1)</sup>:

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the Global Offering	Amount of used proceeds as of 30 June 2021 (In HKD millions)	Amount of unused proceeds as of 30 June 2021	Timeframe for the unused balance
<b>Strategic acquisitions or investments in property management companies</b>	<b>50.0</b>	<b>285.6</b>	<b>198.0</b>	87.6 <sup>(2)</sup>	By the end of 2023
<b>Invest in energy operation projects and obtain energy operation rights</b>	<b>20.0</b>	<b>114.2</b>	–	114.2	By the end of 2023
<b>Research and develop green technologies</b>	<b>5.0</b>	<b>28.6<sup>(1)</sup></b>	–	28.6 <sup>(1)</sup>	By the end of 2023
Upgrade AIRDINO No. 1 and No. 2	1.0	5.7	–	5.7	By the end of 2023
Upgrade AIRDINO No. 3	2.0	11.4	–	11.4	By the end of 2023
Research cross-seasonal energy storage capabilities in connection with ground-source heat pump systems	0.75	4.3	–	4.3	By the end of 2023
Research automated means of operating energy stations through IoT systems, big data and AI technologies	1.25	7.1	–	7.1	By the end of 2023
<b>Develop our intelligent community and enhance our Information technology systems</b>	<b>10.0</b>	<b>57.1</b>	–	57.1	By the end of 2023
Upgraded our internal systems	2.8	16.0	–	16.0	By the end of 2023
Develop our intelligent community	7.2	41.1	–	41.1	By the end of 2023
<b>Attracting and nurturing talent</b>	<b>5.0</b>	<b>28.6<sup>(1)</sup></b>	–	28.6 <sup>(1)</sup>	–
Expand hiring and recruitment initiatives under our “Talented Leaders Scheme” (將才計劃) and “Talented Apprentice Scheme” (匠才生計劃)	4.175	23.8	–	23.8	–
Supplement our existing training programs	0.825	4.7	–	4.7	–
<b>General business operations and working capital</b>	<b>10.0</b>	<b>57.1</b>	<b>1.4</b>	55.7	–
<b>Total</b>	<b>100.0</b>	<b>571.2<sup>(1)</sup></b>	<b>199.4</b>	371.8 <sup>(1)</sup>	By the end of 2023

# Management Discussion and Analysis

## Notes:

1. The figures in the table are approximate figures and are subject to rounding adjustments. If there is any discrepancy between the announcement of interim results and this interim report due to rounding, this interim report shall prevail.
2. The Company clarifies that there was an inadvertent clerical error in the announcement of interim results: As of 30 June 2021, the amount of unused proceeds for strategic acquisitions or investments in property management companies should be HK\$ 87.6 million instead of HK\$ 89.6 million.
3. To the extent that the net proceeds from the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our plans as intended, we may hold such funds in short-term deposits or money market instruments so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

## Effects of the Outbreak of COVID-19

Since the outbreak of COVID-19 in 2020, our management not only closely monitored the effects on operational and financial performance of our Group as a result of COVID-19, but also has proactively implemented various measures in our property management projects to prevent transmission of or mitigate exposure to the disease including, among others, setting up control points for temperature screening, regularly cleaning and disinfecting common areas, waste disposal units, elevators and ventilator systems in our properties under management, placing hand sanitizers and disposable gloves in public areas and providing suitable protective gear for our staff. We adhered to the various regulatory and administrative measures adopted by local governments in order to prevent and control the pandemic. For the six months ended 30 June 2021, we did not encounter any material disruption to our business operations and supply chain, nor any termination of our property management contracts and green living solutions engagements. We also did not experience any labor shortages. As at the date of this interim report, COVID-19 does not have any material adverse impact on the financial position and operating result of the Group.

## Other Information

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. As disclosed in the 2020 Annual Report of the Company, the Company has adopted the CG Code as its own code of governance. The Company has complied with all the applicable code provisions set out in the CG Code during the six months ended 30 June 2021. The Company will continue to review and monitor its corporate governance practice to ensure compliance of the CG Code.

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

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. After making specific enquiry to all Directors, the Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the Reporting Period.

### INTERIM DIVIDENDS

The Board does not recommend any payment of an interim dividend for the six months ended 30 June 2021.

### AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established the Audit Committee with written terms of reference in compliance with the CG Code. As of the date of this interim report, the Audit Committee consists of three independent non-executive Directors, namely Ms. Sun Jing (Chairman), Ms. Zhu Caiqing and Mr. Cheng Peng (with Ms. Sun Jing possessing the appropriate professional qualifications and accounting and related financial management expertise). The main duties of the Audit Committee are to assist the Board in providing an independent review of the completeness, accuracy and fairness of the financial information of the Group, as well as the efficiency and effectiveness of the Group's operations and internal controls.

The Audit Committee has discussed with the management and external auditors the accounting principles and policies adopted by the Group, reviewed the interim report for the six months ended 30 June 2021 and considered that the interim report have been prepared in accordance with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements and have made appropriate disclosures accordingly.

### CHANGES IN DIRECTORS' INFORMATION

The Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

## Other Information

### USE OF PROCEEDS

The Company was listed on the Stock Exchange on 22 October 2020. The net proceeds from the Global Offering amounted to approximately HKD571.2 million, which has been and will be applied in compliance with the intended use of proceeds as set out in the section headed “Future Plans and use of Proceeds” in the Prospectus. The status of the use of proceeds as of the end of the Reporting Period is set out in the section headed “Use of Proceeds” under Management Discussion and Analysis of this interim report.

### DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the interests and short positions of the Directors and the chief executives 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 SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### 1. Interests in the Company

Name of Director	Nature of Interest	Number of Shares held <sup>(6)</sup>	Approximate percentage of shareholding interest of the Company <sup>(1)</sup>
Zhang Peng <sup>(5)</sup>	Beneficial owner	8,225,000	0.82%
	Interest in controlled corporation <sup>(2)</sup>	170,777,250	17.08%
Liu Peiqing	Beneficial owner	310,000	0.03%
	Interest in controlled corporation <sup>(3)</sup>	10,511,250	1.05%
Long Han	Interest in controlled corporation <sup>(4)</sup>	10,511,250	1.05%
Zhu Li	Beneficial owner	87,500	0.01%

Notes:

- (1) The percentage represents the number of ordinary shares interested divided by the number of the Company’s issued shares as at 30 June 2021.
- (2) The Shares are registered under the name of Hao Fung, which is wholly owned by Mr. Zhang Peng. Accordingly, Mr. Zhang Peng is deemed to be interested in all the Shares held by Hao Fung.
- (3) The Shares are registered under the name of Liu Pei Qing Management, which is wholly owned by Mr. Liu Peiqing. Accordingly, Mr. Liu Peiqing is deemed to be interested in all the Shares held by Liu Pei Qing Management.
- (4) The Shares are registered under the name of Long Han Management, which is wholly owned by Mr. Long Han. Accordingly, Mr. Long Han is deemed to be interested in all the Shares held by Long Han Management.
- (5) Mr. Zhang Peng, together with Mr. Zhang Lei, being parties acting in concert, were interested in 574,561,250 Shares, representing approximately 57.46% of the number of the Company’s issued Shares as at 30 June 2021.
- (6) All interests stated are long positions.



## Other Information

### 2. Interests in associated corporations of the Company

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Nature of Interest</b>	<b>Amount of share capital held</b>	<b>Approximate percentage of shareholding interest<sup>(1)</sup></b>
Zhang Peng	First Living <sup>(1)</sup>	Beneficial owner	RMB1,317,397	3.8%
Jia Yan	First Living <sup>(1)</sup>	Beneficial owner	RMB1,221,853	3.5%

Note:

(1) First Living is a non-wholly owned subsidiary of our Company and thus an associated corporation of our Company.

Save as disclosed above, as at 30 June 2021, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Other Information

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares <sup>(8)</sup>	Approximate percentage of interest in the Company <sup>(1)</sup>
Zhang Lei <sup>(2)</sup>	Interest in controlled corporation	395,559,000	39.56%
Yu Jinmei <sup>(3)</sup>	Interest of spouse	395,559,000	39.56%
Glorious Group <sup>(2)</sup>	Beneficial owner	331,776,750	33.18%
Cedar Group <sup>(2)</sup>	Beneficial owner	63,782,250	6.38%
Wang Yujuan <sup>(4)</sup>	Interest of spouse	179,002,250	17.90%
Hao Fung <sup>(5)</sup>	Beneficial owner	170,777,250	17.08%
CDH Griffin <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
East Oak <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Access Star <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Ningbo Huiyong <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Ningbo Chunyong <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Ningbo Runyong <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Ningbo Weijun <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Ningbo Xubo <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Ningbo Penghui <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Tianjin Haoyong <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Tianjin Weiyuan <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Tianjin Taiding <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Dinghui Investment <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Shanghai CDH Yaojia <sup>(6)</sup>	Beneficial owner	86,424,000	8.64%
Hangzhou Dinghui <sup>(7)</sup>	Interest in controlled corporation	86,424,000	8.64%

*Notes:*

- (1) The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2021.
- (2) Each of Glorious Group and Cedar Group is wholly-owned by Mr. Zhang Lei. Therefore, Mr. Zhang Lei is deemed under the SFO to be interested in 331,776,750 Shares and 63,782,250 Shares held by Glorious Group and Cedar Group, respectively. Mr. Zhang Peng, together with Mr. Zhang Lei, being parties acting in concert, were interested in 574,561,250 Shares, representing approximately 57.46% of the number of the Company's issued Shares as at 30 June 2021.
- (3) Ms. Yu Jinmei, the spouse of Mr. Zhang Lei, is deemed under the SFO to be interested in these 395,559,000 Shares in which Mr. Zhang Lei is interested.
- (4) Ms. Wang Yujuan, the spouse of Mr. Zhang Peng, is deemed under the SFO to be interested in these 179,002,250 Shares in which Mr. Zhang Peng is interested.

## Other Information

- (5) Hao Fung is wholly-owned by Mr. Zhang Peng. Therefore, Mr. Zhang Peng is deemed under the SFO to be interested in these 170,777,250 Shares held by Hao Fung.
- (6) Dinghui Equity Investment Management (Tianjin) Company Limited (鼎暉股權投資管理(天津)有限公司) (“**Dinghui Investment**”) is the general partner of Shanghai CDH Yaojia. Dinghui Investment is owned as to 85.4% by Tianjin Taiding Investment Co., Ltd. (天津泰鼎投資有限公司) (“**Tianjin Taiding**”). Tianjin Taiding is owned as to 45% and 55% by Tianjin Weiyuan Investment Management Co., Ltd. (天津維遠投資管理有限公司) (“**Tianjin Weiyuan**”) and Tianjin Haoyong Investment Management Co., Ltd. (天津浩永投資管理有限公司) (“**Tianjin Haoyong**”), respectively. Tianjin Weiyuan is wholly-owned by Ningbo Economic and Technological Development Zone Penghui Investment Consulting Co., Ltd. (寧波經濟技術開發區鵬暉投資諮詢有限公司) (“**Ningbo Penghui**”). Ningbo Penghui is wholly owned by Ningbo Economic and Technological Development Zone Xubo Investment Consulting Co., Ltd. (寧波經濟技術開發區旭博投資諮詢有限公司) (“**Ningbo Xubo**”). Ningbo Xubo is wholly owned by Ningbo Economic and Technological Development Zone Weijun Investment Consulting Co., Ltd. (寧波經濟技術開發區維均投資諮詢有限公司) (“**Ningbo Weijun**”). Ningbo Weijun is wholly-owned by Access Star Company Limited (“**Access Star**”). Tianjin Haoyong is wholly-owned by Ningbo Economic and Technological Development Zone Runyong Investment Consulting Co., Ltd. (寧波經濟技術開發區潤永投資諮詢有限公司) (“**Ningbo Runyong**”). Ningbo Runyong is wholly-owned by Ningbo Economic and Technological Development Zone Chunyong Investment Consulting Co., Ltd. (寧波經濟技術開發區淳永投資諮詢有限公司) (“**Ningbo Chunyong**”). Ningbo Chunyong is wholly-owned by Ningbo Economic and Technological Development Zone Huiyong Investment Consulting Co., Ltd. (寧波經濟技術開發區匯永投資諮詢有限公司) (“**Ningbo Huiyong**”), which is wholly-owned by East Oak Company Limited (“**East Oak**”). Each of Access Star and East Oak is owned as to 85% by CDH Griffin Holdings Company Limited (“**CDH Griffin**”). Therefore, Dinghui Investment, Tianjin Taiding, Tianjin Weiyuan, Tianjin Haoyong, Ningbo Runyong, Ningbo Chunyong, Ningbo Huiyong, Ningbo Penghui, Ningbo Xubo, Ningbo Weijun, East Oak, Access Star and CDH Griffin are deemed under the SFO to be interested in these 86,424,000 Shares held by Shanghai CDH Yaojia.
- (7) Hangzhou Dinghui New Trend Equity Investment Partnership (Limited Partnership) (杭州鼎暉新趨勢股權投資合夥企業(有限合夥)) (“**Hangzhou Dinghui**”) is a limited partner of Shanghai CDH Yaojia. Shanghai CDH Yaojia is owned as to 99.90% by Hangzhou Dinghui. Therefore, Hangzhou Dinghui is deemed under the SFO to be interested in these 86,424,000 Shares held by Shanghai CDH Yaojia.
- (8) All interests stated are long positions.

Save as disclosed above, as at 30 June 2021, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

## SHARE OPTION SCHEME

The Share Option Scheme was conditionally approved and adopted by the Shareholders on 25 September 2020 and its implementation is conditional on the Listing. The purpose of the Share Option Scheme is to provide our Company with a means of incentivizing any director or employee of our Group who has contributed or will contribute to our Group and retaining employees, and to encourage employees to work towards enhancing the value of our Company and promoting the long-term growth of our Company. The Share Option Scheme will link the value of the Company with the interests of the participants, enabling the participants and the Company to develop together and promote the Company’s corporate culture.

Subject to earlier termination by our Company in general meeting or by our Board, the Share Option Scheme shall be valid and effective for a period of ten years commencing on 25 September 2020. As of 30 June 2021, no option had been granted or agreed to be granted, and thus no options had been exercised, cancelled or lapsed under the Share Option Scheme. As a result, the total number of Shares available for grant under the Share Option Scheme was 100,000,000, representing 10% of the total Shares in issue as of the date of this interim report.

## Other Information

### SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 10 May 2021 to recognise the contributions by certain Eligible Participants (as defined in the announcement of the Company dated 10 May 2021) and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

The Share Award Scheme shall be valid and effective for a term of ten years commencing on 10 May 2021. The Board shall not make any further award of such number of Shares as awarded by the Board to a Selected Participant (as defined in the announcement of the Company dated 10 May 2021) which will result in the nominal value of the Shares awarded by the Board under the Share Award Scheme being equal to or greater than 10% of the issued Shares capital of the Company from time to time. The maximum number of Shares which may be awarded to a Selected Participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

As at the date of this interim report, there were 6,000,000 Shares held in trust by the trustee under the Share Award Scheme among which no Share has been awarded by the Board to any Eligible Participant of the Share Award Scheme. For details of the Share Award Scheme, please refer to the announcement of the Company dated 10 May 2021.

### ROUNDING

Certain amounts and percentage figures included in this interim report have been subject to rounding adjustments. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

### DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, at no time during the Reporting Period were there rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Directors or their respective spouse or children under the age of 18, or were there any such rights exercised by the Directors; or was the Company, or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other company.

# Review Report to the Board of Directors of First Service Holding Limited



## Review report to the board of directors of First Service Holding Limited (Incorporated in the Cayman Islands with limited liability)

### INTRODUCTION

We have reviewed the interim financial report set out on pages 29 to 57 which comprises the consolidated statement of financial position of First Service Holding Limited (the “**Company**”) and its subsidiaries (the “**Group**”) as of 30 June 2021 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

### OTHER MATTER

Without modifying our review conclusion, we draw your attention that the comparative consolidated statement of profit or loss and other comprehensive income and the comparative consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended 30 June 2020 and related notes disclosed in the interim financial report have not been reviewed in accordance with Hong Kong Standard on Review Engagement 2410.

#### KPMG

*Certified Public Accountants*

8th Floor, Prince’s Building  
10 Chater Road  
Central, Hong Kong

24 August 2021

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021 — unaudited  
(Expressed in Renminbi ("RMB"))

	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000 <i>As restated</i> <i>(Note 15(a))</i>
<b>Revenue</b>	3	<b>508,764</b>	330,872
Cost of sales		<b>(337,922)</b>	(218,027)
<b>Gross profit</b>		<b>170,842</b>	112,845
Other income	4	<b>12,230</b>	14,082
Selling expenses		<b>(6,742)</b>	(3,191)
Administrative expenses		<b>(82,778)</b>	(77,493)
Finance costs		<b>(19)</b>	(218)
Share of (loss)/profit of an associate		<b>(314)</b>	216
Share of profits of joint ventures		<b>15</b>	53
<b>Profit before taxation</b>	5	<b>93,234</b>	46,294
Income tax	6	<b>(21,481)</b>	(12,090)
<b>Profit for the period</b>		<b>71,753</b>	34,204

The notes on pages 37 to 57 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 14.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021 — unaudited  
(Expressed in Renminbi (“RMB”))

	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000 As restated (Note 15(a))
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>			
Item that will not be reclassified to profit or loss:			
Equity investment at fair value through other comprehensive income (“FVOCI”) — net movement in fair value reserves (non-recycling)		236	–
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation into presentation currency of the Group		(4,692)	(124)
<b>Other comprehensive income for the period</b>		<b>(4,456)</b>	<b>(124)</b>
<b>Total comprehensive income for the period</b>		<b>67,297</b>	<b>34,080</b>
<b>Profit attributable to:</b>			
Equity shareholders of the Company		65,236	32,488
Non-controlling interests		6,517	1,716
<b>Profit for the period</b>		<b>71,753</b>	<b>34,204</b>
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of the Company		60,780	32,364
Non-controlling interests		6,517	1,716
<b>Total comprehensive income for the period</b>		<b>67,297</b>	<b>34,080</b>
<b>Earnings per share</b>	7		
Basic and diluted (RMB)		0.0653	0.0433

The notes on pages 37 to 57 form part of this interim financial report.

# Consolidated Statement of Financial Position

At 30 June 2021 — unaudited  
(Expressed in RMB)

	Note	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000 As restated (Note 15(a))
<b>Non-current assets</b>			
Investment properties	8	14,706	14,638
Property, plant and equipment		9,335	7,814
Intangible assets	9	41,963	7,017
Goodwill	15(b)	186,514	–
Interest in joint ventures		759	744
Interest in an associate		1,568	1,882
Other financial assets		7,235	6,920
Deferred tax assets		14,344	12,574
		<b>276,424</b>	51,589
<b>Current assets</b>			
Inventories		795	795
Financial assets measured at fair value through profit or loss (“FVPL”)		83,389	89,099
Contract assets		40,807	28,627
Trade and other receivables	10	432,229	307,155
Restricted cash	11	22,927	2,449
Cash and cash equivalents	11	548,468	734,040
		<b>1,128,615</b>	1,162,165
<b>Current liabilities</b>			
Trade and other payables	12	341,765	256,709
Contract liabilities		259,964	278,331
Current taxation		17,514	4,304
Bank loans	13	22,076	–
Contingent consideration — current portion	15(b)	6,308	–
		<b>647,627</b>	539,344
<b>Net current assets</b>		<b>480,988</b>	622,821
<b>Total assets less current liabilities</b>		<b>757,412</b>	674,410

The notes on pages 37 to 57 form part of this interim financial report.



# Consolidated Statement of Financial Position

At 30 June 2021 — unaudited  
(Expressed in RMB)

	Note	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000 <i>As restated (Note 15(a))</i>
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>10,050</b>	995
Contingent consideration — long-term portion	15(b)	<b>32,080</b>	–
		<b>42,130</b>	995
<hr/>			
<b>NET ASSETS</b>		<b>715,282</b>	673,415
<hr/>			
<b>CAPITAL AND RESERVES</b>			
Share capital	14(b)	<b>1</b>	1
Reserves		<b>673,656</b>	652,856
<hr/>			
<b>Total equity attributable to equity shareholders of the Company</b>		<b>673,657</b>	652,857
<b>Non-controlling interests</b>		<b>41,625</b>	20,558
<hr/>			
<b>TOTAL EQUITY</b>		<b>715,282</b>	673,415

Approved and authorised for issue by the board of directors on 24 August 2021.

**Liu Peiqing**  
Director

**Zhu Li**  
Director

The notes on pages 37 to 57 form part of this interim financial report.

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021 — unaudited  
(Expressed in RMB)

Note	Attributable to equity shareholders of the Company									Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Employee share trusts RMB'000	Capital reserve RMB'000	Statutory surplus reserves RMB'000	Exchange reserve RMB'000	Fair value reserve RMB'000	Retained profits RMB'000	Total RMB'000		
<b>Balance at 1 January 2020 (As previously reported)</b>	-	-	-	194,269	6,417	-	-	42,429	243,115	33,593	276,708
Adjustment in relation to the acquisition of subsidiaries under common control	-	-	-	100	146	-	-	1,108	1,354	-	1,354
<b>Balance at 1 January 2020 (As restated)</b>	-	-	-	194,369	6,563	-	-	43,537	244,469	33,593	278,062
<b>Changes in equity for the six months ended 30 June 2020:</b>											
Profit for the period	-	-	-	-	-	-	-	32,488	32,488	1,716	34,204
Other comprehensive income for the period	-	-	-	-	-	(124)	-	-	(124)	-	(124)
Total comprehensive income	-	-	-	-	-	(124)	-	32,488	32,364	1,716	34,080
Issuance of shares	14(b)	1	103,164	-	-	-	-	-	103,165	-	103,165
Deemed distribution (note (i))		-	-	(283,754)	-	-	-	-	(283,754)	-	(283,754)
Deemed contribution from the then equity shareholder (note (ii))		-	-	10,000	-	-	-	-	10,000	-	10,000
Capital contribution from non-controlling shareholders		-	-	-	-	-	-	-	-	245	245
Acquisition of non-controlling interests (note (iii))		-	-	15,272	-	-	-	-	15,272	(15,272)	-
Cash dividend declared to the then shareholders	14(a)	-	-	-	-	-	-	(11,355)	(11,355)	(6,645)	(18,000)
<b>Balance at 30 June 2020 (As restated)</b>	1	103,164	-	(64,113)	6,563	(124)	-	64,670	110,161	13,637	123,798
<b>Balance at 1 July 2020 (As restated)</b>	1	103,164	-	(64,113)	6,563	(124)	-	64,670	110,161	13,637	123,798
<b>Changes in equity for the six months ended 31 December 2020:</b>											
Profit for the period	-	-	-	-	-	-	-	60,093	60,093	5,306	65,399
Other comprehensive income for the period	-	-	-	-	-	(4,129)	690	-	(3,439)	-	(3,439)
Total comprehensive income	-	-	-	-	-	(4,129)	690	60,093	56,654	5,306	61,960
Capitalisation of shares	14(b)	*	*	-	-	-	-	-	-	-	-
Issue of ordinary shares upon initial public offering, net of issuing costs	14(b)	*	485,966	-	-	-	-	-	485,966	-	485,966
Appropriation to statutory reserve		-	-	-	11,061	-	-	(11,061)	-	-	-
Capital contribution from non-controlling shareholders		-	-	-	-	-	-	-	-	1,769	1,769
Acquisition of non-controlling interests		-	-	-	76	-	-	-	76	(154)	(78)
<b>Balance at 31 December 2020 (As restated)</b>	1	589,130	-	(64,037)	17,624	(4,253)	690	113,702	652,857	20,558	673,415

\* Amounts less than RMB1,000.

The notes on pages 37 to 57 form part of this interim financial report.

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021 — unaudited  
(Expressed in RMB)

Note	Attributable to equity shareholders of the Company									Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Employee share trusts RMB'000	Capital reserve RMB'000	Statutory surplus reserves RMB'000	Exchange reserve RMB'000	Fair value reserve RMB'000	Retained profits RMB'000	Total RMB'000		
<b>Balance at 1 January 2021 (As previously reported)</b>	1	589,130	-	(64,137)	17,478	(4,253)	690	114,842	653,751	20,558	674,309
Adjustment in relation to the acquisition of subsidiaries under common control	-	-	-	100	146	-	-	(1,140)	(894)	-	(894)
<b>Balance at 1 January 2021 (As restated)</b>	1	589,130	-	(64,037)	17,624	(4,253)	690	113,702	652,857	20,558	673,415
<b>Changes in equity for the six months ended 30 June 2021:</b>											
Profit for the period	-	-	-	-	-	-	-	65,236	65,236	6,517	71,753
Other comprehensive income for the period	-	-	-	-	-	(4,692)	236	-	(4,456)	-	(4,456)
Total comprehensive income	-	-	-	-	-	(4,692)	236	65,236	60,780	6,517	67,297
Dividends approved in respect of the previous year	14(a)	-	-	-	-	-	-	(33,190)	(33,190)	-	(33,190)
Acquisition of subsidiaries under common control	15(a)	-	-	-	(2,320)	-	-	-	(2,320)	-	(2,320)
Acquisition of non-controlling interests		-	-	-	512	-	-	-	512	(692)	(180)
Acquisition of subsidiaries from third parties	15(b)	-	-	-	-	-	-	-	-	15,242	15,242
Acquisition of shares for a share award scheme	14(c)	-	-	(4,982)	-	-	-	-	(4,982)	-	(4,982)
<b>Balance at 30 June 2021</b>	1	589,130	(4,982)	(65,845)	17,624	(8,945)	926	145,748	673,657	41,625	715,282

Notes:

- (i) The deemed distribution represents the considerations paid to acquire equity interests of First Property Service (Beijing) Co., Ltd. ("**First Property Management**") and First MOMA Human Environment Technology (Beijing) Co., Ltd. ("**First Living**") pursuant to the reorganisation prior to listing.
- (ii) The deemed contribution from the then equity shareholder represents the considerations received from a company controlled by Mr. Zhang Lei for the investment funds which is delineated from the Group's businesses and had been transferred to an entity controlled by Mr. Zhang Lei in 2020 pursuant to the reorganisation prior to listing.
- (iii) Acquisition of additional interest in subsidiaries from non-controlling shareholders in 2020 mainly represented acquisition of the non-controlling interests of First Living owned by a company controlled by Mr. Zhang Lei.

The notes on pages 37 to 57 form part of this interim financial report.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021 — unaudited  
(Expressed in RMB)

	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000 <i>As restated (Note 15(a))</i>
<b>Operating activities</b>			
Cash generated from operations		15,761	424
Tax paid		(14,991)	(11,513)
<b>Net cash generated from/(used in) operating activities</b>		<b>770</b>	<b>(11,089)</b>
<b>Investing activities</b>			
Proceeds on disposal of financial assets measured at FVPL		145,310	171,365
Interest received		2,544	5,015
Proceeds on disposal of property, plant and equipment		406	82
Net cash inflow from disposals of subsidiaries		–	1,376
Purchase of financial assets measured at FVPL		(138,566)	(195,481)
Purchases of property, plant and equipment		(1,631)	(1,054)
Purchases of intangible assets		–	(819)
Net cash outflow on business combinations	15(b)	(184,313)	–
Repayments of loan receivables		–	140,000
<b>Net cash (used in)/generated from investing activities</b>		<b>(176,250)</b>	<b>120,484</b>

The notes on pages 37 to 57 form part of this interim financial report.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021 — unaudited  
(Expressed in RMB)

	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000 <i>As restated</i> <i>(Note 15(a))</i>
<b>Financing activities</b>			
Proceeds from bank borrowings		22,076	–
Proceeds from issue of shares		–	103,165
Deemed contribution received		–	10,000
Capital injection from non-controlling interests		–	245
Deemed distribution paid		–	(180,292)
Dividend paid		–	(56,391)
Contribution to employee share trusts		(24,957)	–
Payments for business combination under common control	15(a)	(2,320)	–
Repayment of bank borrowings		–	(3,550)
Listing expense paid		–	(2,067)
Acquisition of non-controlling interests		(180)	–
Interest paid		(19)	(218)
<b>Net cash used in financing activities</b>		<b>(5,400)</b>	<b>(129,108)</b>
<b>Net decrease in cash and cash equivalent</b>		<b>(180,880)</b>	<b>(19,713)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>734,040</b>	<b>261,194</b>
<b>Effects of foreign exchange rate changes</b>		<b>(4,692)</b>	<b>(124)</b>
<b>Cash and cash equivalents at 30 June</b>		<b>548,468</b>	<b>241,357</b>

The notes on pages 37 to 57 form part of this interim financial report.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 1 BASIS OF PREPARATION

This interim financial report of the Group has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), including compliance with International Accounting Standard (“**IAS**”) 34, Interim financial reporting, issued by the International Accounting Standards Board (“**IASB**”).

The Company was incorporated in the Cayman Islands on 20 January 2020 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s shares were listed on the Main Board of the Stock Exchange on 22 October 2020.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company and approved for issue by the board of directors on 24 August 2021. The interim financial report has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). KPMG’s independent review report to the board of directors is included on pages 28.

## 2 CHANGES IN ACCOUNTING POLICIES

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

- Amendment to IFRS 16, *COVID-19-related rent concessions beyond 30 June 2021*
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest rate benchmark reform — phase 2*

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

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are property management services, services in the area of green living solutions and value-added services.

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

For property management services and energy operation services under the service line of green living solutions, the Group recognises revenue on a monthly basis in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group has elected the practical expedient for not to disclose the remaining performance obligations for this type of contracts. The majority of the property management service contracts and energy operation services under the service line of green living solutions do not have a fixed term.

For sale of goods under the service line of green living solutions, there is no significant unsatisfied performance obligation at the end of the reporting period.

For other services, they are rendered in short period of time and there is no significant unsatisfied performance obligation at the end of the reporting period.

### (b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments.

- First Property Management: this segment provides property management services, energy operation services under the service line of green living solutions and value-added services.
- First Living: this segment provides green technology consulting service, system installation services and sale of goods under the service line of green living solutions.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING *(Continued)*

### (b) Segment reporting *(Continued)*

#### (i) *Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible and intangible assets, current assets, interests in associates and joint ventures, investments in financial assets and deferred tax assets. Segment liabilities include trade creditors and accruals and contract liabilities attributable to the revenue generating activities of the individual segment and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Assistance provided by one segment to the other, including sharing of assets and technical know-how, is not measure.

The measure used for reporting segment profit is profit before tax.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, disaggregation of revenue from contracts with customers by major products and service lines, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2021 and 2020 is set out below.



# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING *(Continued)*

### (b) Segment reporting *(Continued)*

#### (i) Segment results, assets and liabilities *(Continued)*

	First Property Management		First Living		Total	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
For the six months ended 30 June — As restated						
<b>Disaggregated by timing of revenue recognition</b>						
Revenue recognised over time	452,182	298,577	54,059	34,037	506,241	332,614
Revenue recognised at point in time	—	—	8,307	2,582	8,307	2,582
<b>Reportable segment revenue</b>	<b>452,182</b>	<b>298,577</b>	<b>62,366</b>	<b>36,619</b>	<b>514,548</b>	<b>335,196</b>
<b>Disaggregated by major products or service lines</b>						
— Property management services	242,447	141,940	—	—	242,447	141,940
— Green living solutions	59,788	54,679	62,366	36,619	122,154	91,298
— Value-added services	149,947	101,958	—	—	149,947	101,958
<b>Reportable segment revenue</b>	<b>452,182</b>	<b>298,577</b>	<b>62,366</b>	<b>36,619</b>	<b>514,548</b>	<b>335,196</b>
<b>Reportable segment profit</b>	<b>82,317</b>	<b>40,105</b>	<b>10,134</b>	<b>6,188</b>	<b>92,451</b>	<b>46,293</b>
Interest income	1,245	4,983	17	32	1,262	5,015
Interest expense	—	—	19	218	19	218
Depreciation and amortisation for the period	2,655	1,504	221	328	2,876	1,832
Expected credit losses — trade and other receivables and contract assets	7,206	3,505	368	734	7,574	4,239
As at 30 June/31 December — As restated						
<b>Reportable segment assets</b>	<b>1,007,839</b>	<b>760,113</b>	<b>171,900</b>	<b>124,289</b>	<b>1,179,739</b>	<b>884,402</b>
<b>Reportable segment liabilities</b>	<b>588,662</b>	<b>508,283</b>	<b>90,678</b>	<b>51,627</b>	<b>679,340</b>	<b>559,910</b>

## Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

**3 REVENUE AND SEGMENT REPORTING** (Continued)**(b) Segment reporting** (Continued)**(ii) Reconciliations of reportable segment revenues and profit or loss**

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000 As restated (Note 15(a))
<b>Revenue</b>		
Reportable segment revenue	514,548	335,196
Elimination of inter-segment revenue	(5,784)	(4,324)
Consolidated revenue	508,764	330,872

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000 As restated (Note 15(a))
<b>Reportable segment profit</b>		
Reportable segment profit	92,451	46,293
Unallocated head office and corporate profit before taxation	783	1
Consolidated profit before taxation	93,234	46,294

	At 30 June		At 31 December	
	2021 RMB'000		2020 RMB'000 As restated (Note 15(a))	
<b>Assets</b>				
Reportable segment assets	1,179,739		884,402	
Unallocated head office and corporate assets	573,078		575,502	
Elimination of inter-segment balances	(347,779)		(246,150)	
Consolidated total assets	1,405,039		1,213,754	

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING *(Continued)*

### (b) Segment reporting *(Continued)*

#### (ii) Reconciliations of reportable segment revenues and profit or loss *(Continued)*

	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000 <i>As restated (Note 15(a))</i>
<b>Liabilities</b>		
Reportable segment liabilities	<b>679,340</b>	559,910
Unallocated head office and corporate liabilities	<b>32,901</b>	–
Elimination of inter-segment balances	<b>(22,484)</b>	(19,571)
	<hr/>	<hr/>
Consolidated total liabilities	<b>689,757</b>	540,339

## 4 OTHER INCOME

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2021 RMB'000</b>	2020 RMB'000 <i>As restated (Note 15(a))</i>
Interest income	<i>(i)</i>	<b>2,544</b>	5,015
Government grants	<i>(ii)</i>	<b>8,323</b>	6,540
Net realised gain on financial assets measured at FVPL		<b>685</b>	1,740
Fair value gain of investment properties		<b>68</b>	127
Net valuation gain on financial assets measured at FVPL		<b>349</b>	218
Net gains on disposal of property, plant and equipment		–	4
Loss on disposal of subsidiaries		–	(176)
Others		<b>261</b>	614
		<hr/>	<hr/>
		<b>12,230</b>	14,082

Notes:

- (i) The interest income represents the interest from cash at bank and loan receivables to third parties with fixed interest rates.
- (ii) The government grants represent subsidies from various PRC authorities. There are no unfulfilled conditions or future obligations attached to these subsidies.

## Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

**5 PROFIT BEFORE TAXATION**

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000 As restated (Note 15(a))
Amortisation cost of intangible assets	1,454	798
Depreciation charge		
— owned property, plant and equipment	1,422	1,034
Expected credit loss		
— trade and other receivables and contract assets	7,574	4,239
Cost of inventories	2,994	1,290
Listing expenses	—	13,667
Lease expenses		
— short-term leases	1,451	2,281

**6 INCOME TAX**

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000 As restated (Note 15(a))
<b>Current tax — PRC Corporate Income Tax</b>		
Provision for the year	23,044	11,970
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(1,563)	120
	<b>21,481</b>	12,090

Pursuant to the tax rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

The income tax rate applicable to the Group’s subsidiary incorporated in Hong Kong for the income subject to Hong Kong Profits Tax during the reporting period is 16.5%. No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the reporting period (six months ended 30 June 2020: nil).

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 6 INCOME TAX *(Continued)*

The Group's PRC subsidiaries are subject to PRC Enterprise Income Tax ("EIT") at 25%.

Certain subsidiaries have been approved as High and New Technology Enterprise ("HNTE") and entitled to a preferential income tax rate of 15% during the reporting period. The HNTE certificate needs to be renewed every three years.

Certain subsidiaries have been approved as Small Low-profit Enterprises. The entitled subsidiaries are subject to a preferential income tax rate of 2.5% to 10% during the reporting period.

Pursuant to the notice of the State Council on promulgation of several policies for further encouraging the development of software and integrated circuit industries, a subsidiary has been entitled to EIT exemptions for two years followed by a 50% EIT reduction of the statutory EIT rates for three years, starting from its first profit-making year.

## 7 EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2021 is based on the profit attributable to equity shareholders of the Company of RMB65,236,000 (six months ended 30 June 2020: RMB32,488,000) and the weighted average number of 999,675,000 ordinary shares (six months ended 30 June 2020: 750,000,000 ordinary shares) in issue during the interim period, calculated as follows:

	<b>2021</b>
	<b>No. of shares</b>
Issued ordinary shares at 1 January	<b>1,000,000,000</b>
Effect of shares held by the employee share trusts <i>(Note 14(c))</i>	<b>(325,000)</b>
Weighted average number of ordinary shares at 30 June	<b>999,675,000</b>

Weighted average of 750,000,000 ordinary shares during the six months ended 30 June 2020, includes 500,000,000 ordinary shares in issue as at the date of the prospectus and 250,000,000 ordinary shares issued pursuant to the capitalisation issue on the completion of the initial public offering, deemed to have been issued throughout the six months ended 30 June 2020.

Diluted earnings per share is equal to the basic earnings per share as the Group had no dilutive potential shares for the six months ended 30 June 2021 and 2020.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 8 INVESTMENT PROPERTIES

The Group leases out investment property under operating lease. The lease typically run for an initial period of 10 years, with an option to renew the lease after that date at which time all terms are renegotiated.

The valuations of investment properties carried at fair value were updated at 30 June 2021 using the same valuation techniques as were used when carrying out the December 2020 valuations.

As a result of the update, a net gain of RMB68,000 (six months ended 30 June 2020: RMB127,000), and deferred tax thereon of RMB17,000 (six months ended 30 June 2020: RMB32,000), has been recognised in profit or loss for the period in respect of investment properties.

## 9 INTANGIBLE ASSETS

During the six months ended 30 June 2021, additional intangible assets of the Group mainly represented intangible assets of RMB36,400,000 acquired in the business combinations (Note 15(b)).

## 10 TRADE AND OTHER RECEIVABLES

	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000 <i>As restated (Note 15(a))</i>
Trade receivables	<b>281,403</b>	182,477
Less: allowance for trade receivables	<b>(56,780)</b>	(47,980)
	<b>224,623</b>	134,497
Amounts due from related parties	<b>147,814</b>	124,011
Deposits and prepayments	<b>21,103</b>	19,415
Payments on behalf of property owners	<b>9,019</b>	4,223
Value added tax prepaid	<b>7,685</b>	9,526
Other receivables	<b>22,609</b>	16,107
Less: allowance for other receivables	<b>(624)</b>	(624)
	<b>432,229</b>	307,155

Trade receivables are primarily related to revenue generated from property management and services in the area of green living solutions.

Amounts due from related parties are unsecured and interest free. Details of the amounts due from related parties are set out in Note 17(b).

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 10 TRADE AND OTHER RECEIVABLES (Continued)

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

	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000 <i>As restated (Note 15(a))</i>
Within 1 year	<b>144,343</b>	94,350
1 to 2 years	<b>62,732</b>	31,754
2 to 3 years	<b>14,147</b>	5,661
3 to 4 years	<b>3,185</b>	2,535
4 to 5 years	<b>216</b>	197
	<b>224,623</b>	134,497

## 11 CASH AND CASH EQUIVALENTS

	Note	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000 <i>As restated (Note 15(a))</i>
Cash on hand		<b>145</b>	158
Cash at bank		<b>571,250</b>	736,331
Less: restricted cash	(i)	<b>(22,927)</b>	(2,449)
		<b>548,468</b>	734,040

Note:

- (i) At 30 June 2021, RMB19,778,000 (31 December 2020: nil) was held by employee share trusts for the purchase or subscription of shares as awarded to the eligible persons pursuant to the First Service Share Award Scheme ("the Scheme") (see Note 14(c)).

At 30 June 2021, RMB3,149,000 (31 December 2020: RMB2,449,000) was collected on behalf of the property owners' associations in Group's property management service business. Pursuant to property management agreements, the Group opens and manages these bank accounts on behalf of the property owners' associations.

## Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

**12 TRADE AND OTHER PAYABLES**

	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000 <i>As restated (Note 15(a))</i>
Trade payables	<b>103,107</b>	77,589
Amounts due to related parties	<b>16,283</b>	15,165
Other taxes and charges payable	<b>16,638</b>	11,570
Dividends payable	<b>32,901</b>	–
Accrued payroll and other benefits	<b>35,018</b>	34,768
Deposits	<b>50,783</b>	44,826
Other payables and accruals	<b>87,035</b>	72,791
	<b>341,765</b>	256,709

All the trade and other payables (including amounts due to related parties) are expected to be settled within 1 year or are repayable on demand.

Amounts due to related parties are unsecured and interest free. Details of the amounts due to related parties are set out in Note 17(b).

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

	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000 <i>As restated (Note 15(a))</i>
Within 1 year	<b>99,150</b>	74,974
1 to 2 years	<b>3,095</b>	2,164
2 to 3 years	<b>478</b>	209
Over 3 years	<b>384</b>	242
	<b>103,107</b>	77,589

**13 BANK LOANS**

At 30 June 2021, all bank loans are due within one year.

Bank loans of RMB20 million were guaranteed by First Property Management, a subsidiary of the Group. First MOMA Assets Management (Beijing) Co., Ltd. ("First Assets") has provided a counter-guarantee to First Property Management in respect of 27.9% of its guarantee obligations. At 30 June 2021, the counter-guaranteed is amounted to RMB5,580,000.



# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 14 CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

During the six months ended 30 June 2021, a final dividend of HKD3.97 cent per share in respect of the year ended 31 December 2020 (six months ended 30 June 2020: nil) was declared to the equity shareholders of the Company. The aggregate amount of the final dividend declared during the six months ended 30 June 2021 amounted to HKD39,700,000 (equivalent to RMB33,190,000) (six months ended 30 June 2020: nil), which has been fully paid on 12 July 2021.

Dividend of RMB18,000,000 has been declared and paid by First MOMA Human Environment Technology (Beijing) Co., Ltd. to the then shareholders during the six months ended 30 June 2020.

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

### (b) Share capital

	At 30 June 2021		At 31 December 2020	
	No. of shares	RMB	No. of shares	RMB
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	1,000,000,000	1,381	–	–
Issuance of shares	–	–	100	707
Shares sub-division	–	–	499,999,900	–
Capitalisation of shares	–	–	250,000,000	341
Issuance of ordinary shares upon initial public offering	–	–	250,000,000	333
	<b>1,000,000,000</b>	<b>1,381</b>	1,000,000,000	1,381

### (c) Employee share trusts

On 10 May 2021, the Board resolved to adopt the Scheme, a long-term incentive program to eligible persons, in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

Employee share trusts are established for the purposes of awarding shares to eligible persons (including employees and directors of the Company or its subsidiaries, and advisors and agents who provide value-added services to the Company or its subsidiaries) under the Scheme. The employee share trusts are administered by the Board and the trustees and are funded by the Group's cash contributions for buying the Company's shares in the open market and recorded as contributions to employee share trusts, an equity component.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 14 CAPITAL, RESERVES AND DIVIDENDS (Continued)

### (c) Employee share trusts (Continued)

During the six months ended 30 June 2021, the Company had entrusted the trustee to purchase shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share HKD	Lowest price paid per share HKD	Aggregate price paid RMB'000
June 2021	6,000,000	1.08	1.02	5,179

The purchase was governed by section 257 of the Hong Kong Companies Ordinance.

The trustee of the employee share trusts will transfer the shares of the Company to employees upon vesting. During the six months ended 30 June 2021, no share has been granted and vested.

### (d) Share premium

Share premium represents the difference between the consideration and the par value of the issued and paid-up shares of the Company.

## 15 BUSINESS COMBINATIONS

### (a) Business combination under common control

On April 2021, First Property Management entered into a sale and purchase agreement with First MOMA Assets Management (Beijing) Co., Ltd. pursuant to which First Property Management acquired the entire equity interests in First MOMA Real Estate Brokerage (Beijing) Co., Ltd. ("**First Real Estate Brokerage**") and its subsidiaries (collectively, the "**First Real Estate Brokerage Group**"), with a cash consideration of RMB2,320,000. The acquisition was completed on 28 April 2021, upon then First Real Estate Brokerage Group became wholly-owned subsidiaries of the Group.

The acquisition of the First Real Estate Brokerage Group was considered as a business combination under common control as the Group and First Real Estate Brokerage Group are both ultimately controlled by Mr. Zhang Lei at the acquisition date.

The Group uses merger accounting to account for the business combination of entities and businesses under common control. The unaudited condensed consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The assets and liabilities of the combining entities or businesses are combined using the carrying book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill to the extent of the continuation of the controlling party's interest.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 15 BUSINESS COMBINATIONS *(Continued)*

### (a) Business combination under common control *(Continued)*

The unaudited condensed statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination. Transaction costs incurred in relation to the common control combination is recognised as an expense in the period in which they were incurred.

As a result, the Group has restated the 2020 comparative amounts of the unaudited consolidated statement of profit or loss and other comprehensive income of the Group by including the operating results of First Real Estate Brokerage Group and eliminating its transactions with the First Real Estate Brokerage Group, as if the acquisition had been completed on the earliest date of the period being presented. The consolidated statement of financial position of the Group as at 31 December 2020 was restated to include the assets and liabilities of First Real Estate Brokerage Group.

The following is a reconciliation of the effect arising from the common control combination in connection with the acquisition of First Real Estate Brokerage Group.

	<b>The Group (unaudited)</b> <i>RMB'000</i>	<b>First Real Estate Brokerage Group (unaudited)</b> <i>RMB'000</i>	<b>Elimination (unaudited)</b> <i>RMB'000</i>	<b>The Group (as restated and unaudited)</b> <i>RMB'000</i>
Results of operations for six months ended 30 June 2020:				
Profit/(loss) for the period	35,195	(991)	–	34,204
Net profit/(loss) attributable to:				
Equity shareholders of the Company	33,479	(991)	–	32,488
Non-controlling interests	1,716	–	–	1,716
Basic and diluted earnings/(loss) per share (expressed in RMB)	0.0446	(0.0013)	N/A	0.0433
	<b>The Group (as previously reported and audited)</b> <i>RMB'000</i>	<b>First Real Estate Brokerage Group (unaudited)</b> <i>RMB'000</i>	<b>Elimination (unaudited)</b> <i>RMB'000</i>	<b>The Group (as restated and unaudited)</b> <i>RMB'000</i>
Consolidated Statement of financial position as of 31 December 2020:				
Non-current assets	51,575	14	–	51,589
Current assets	1,160,406	3,765	(2,006)	1,162,165
Current liabilities	536,677	4,673	(2,006)	539,344
Non-current liabilities	995	–	–	995

## Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 15 BUSINESS COMBINATIONS (Continued)

## (b) Business combination from third parties

In April 2021, the Group acquired 80% of the equity interest in Dalian Yahang Property Management Co., Ltd. (大連亞航物業管理有限公司) (“**Dalian Yahang**”) from a third party, and 100% of the equity interest in Qingdao Luohang Enterprises Management Co., Ltd (青島洛航企業管理有限公司) (“**Qingdao Luohang**”) from another third party, obtaining control of Dalian Yahang and Qingdao Luohang (the “**Acquirees**”). The Acquirees are engaged in the provision of property management services. The business combinations were made as part of the Group’s strategy to expand its market share of property management operation in the PRC.

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

	Note	Dalian Yahang RMB'000	Qingdao Luohang RMB'000	Total RMB'000
Property, plant and equipment		59	1,659	1,718
Intangible assets		19,500	16,900	36,400
Deferred tax assets		132	199	331
Trade and other receivables	(i)	12,197	48,017	60,214
Cash and cash equivalents		3,018	1,389	4,407
Trade and other payables		(8,062)	(17,191)	(25,253)
Contract liabilities		(6,882)	(841)	(7,723)
Current taxation		–	(5,158)	(5,158)
Deferred tax liabilities		(4,875)	(4,225)	(9,100)
Total net identifiable assets acquired		15,087	40,749	55,836
Non-controlling interest	(ii)	(3,017)	(12,225)	(15,242)
Fair value of net identified assets acquired, net of non-controlling interests		12,070	28,524	40,594
Goodwill	(iii)	80,068	106,446	186,514
Total consideration		92,138	134,970	227,108
Cash consideration		75,600	113,120	188,720
Contingent consideration	(iv)	16,538	21,850	38,388
Total consideration		92,138	134,970	227,108

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 15 BUSINESS COMBINATIONS *(Continued)*

### (b) Business combination from third parties *(Continued)*

Notes:

- (i) Trade and other receivables comprised gross contractual amounts due of RMB61,537,000, of which RMB1,323,000 was expected to be uncollectable at the date of business combinations.
- (ii) The Group recognised the non-controlling interests based on their proportionate interest in the recognised amounts of the assets and liabilities of the Acquirees.
- (iii) The goodwill is attributable mainly to the synergies and expected efficiencies from integrating the companies into Group's existing property management business that will make the Group a more efficient and effective competitor in China. None of the goodwill recognised is expected to be deductible for tax purposes.
- (iv) The contingent considerations in respect of the acquisition of the Acquirees were measured at fair value at the acquisition date. The fair value of the contingent consideration was determined by the discounted cash flow valuation method. As at 30 June 2021, the undiscounted expected payments amounted to RMB42,090,000, among which RMB6,400,000 to be paid within one year.

Net cash outflow arising from the acquisitions is as follows:

	<b>Dalian Yahang</b> <i>RMB'000</i>	<b>Qingdao Luohang</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
Total considerations paid in cash	75,600	113,120	188,720
Less: cash of subsidiaries acquired	(3,018)	(1,389)	(4,407)
	<u>72,582</u>	<u>111,731</u>	<u>184,313</u>

The Group incurred transaction costs of RMB169,000 for the acquisitions. These transaction costs have been expensed and included in administrative expenses in the consolidated statement of profit or loss.

Included in the profit for the period ended 30 June 2021 was a profit of RMB7,672,000 attributable to the business combinations of the Acquirees. Revenue of the Acquirees included in the Group's revenue for the period ended 30 June 2021 amounted to RMB62,705,000. If the business combinations had occurred on 1 January 2021, management estimates that consolidated revenue would have been RMB561,661,000, and consolidated profit for the period would have been RMB75,670,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of business combinations would have been the same if the business combinations had occurred on 1 January 2021.

## Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

## (a) Financial assets and liabilities measured at fair value

*Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*.

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

	Fair value at 30 June 2021 RMB'000	Fair value measurements as at 30 June 2021 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<b>Recurring fair value measurements</b>				
<i>Assets:</i>				
— Equity securities designated at FVOCI (non-recycling)	7,235	—	—	7,235
— Financial assets measured at FVPL-due within one year	83,389	—	83,389	—
<i>Liabilities:</i>				
— Contingent consideration	38,388	—	—	38,388

	Fair value at 31 December 2020 RMB'000	Fair value measurements as at 31 December 2020 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<b>Recurring fair value measurements</b>				
<i>Assets:</i>				
— Equity securities designated at FVOCI (non-recycling)	6,920	—	—	6,920
— Financial assets measured at FVPL-due within one year	89,099	—	89,099	—

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

### (a) Financial assets and liabilities measured at fair value *(Continued)*

#### *Valuation techniques and inputs used in Level 2 fair value measurements*

The fair value of financial assets measured at FVPL is determined based on the estimated amount that the Group would receive to redeem the financial assets at the end of each reporting period. The estimated redeemable amount is calculated based on the most recent transaction price or the daily quotation published by the financial institutions.

#### *Information about Level 3 fair value measurements*

	Valuation techniques	Significant unobservable inputs	Weighted average
Equity instruments	Market comparable companies	Discount for lack of marketability	17% (31 December 2020: 17%)
Contingent consideration	Discounted cash flow valuation method	Discount rate	3.85%

The fair value of the equity instruments is determined by using enterprise value per sales of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 30 June 2021, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 1% would have increased/decreased the Group's other comprehensive income by RMB87,000 (2020: RMB85,000).

The fair value of the contingent consideration relating to the business combinations are determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. As at 30 June 2021, it is estimated that with all other variables held constant, a decrease/increase in discount rate by 1% would have decreased/increased the Group's profit by RMB683,000/RMB660,000.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000
Equity securities:		
At 1 January	<b>6,920</b>	6,000
Net unrealised gains recognised in other comprehensive income during the period	<b>315</b>	920
At 30 June/31 December	<b>7,235</b>	6,920
Total gains for the period included in profit or loss and other comprehensive income for assets held at the end of the reporting period	<b>315</b>	920

## Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

**16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS** (Continued)**(a) Financial assets and liabilities measured at fair value** (Continued)

Any gain or loss arising from the remeasurement of the Group's equity securities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained earnings.

	<b>At 30 June 2021 RMB'000</b>
Contingent consideration:	
At 1 January	–
Business combinations (Note 15(b))	<b>38,388</b>
<hr/>	
At 30 June	<b>38,388</b>

**(b) Fair value of financial assets and liabilities carried at other than fair value**

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 30 June 2021 and 31 December 2020.

**17 MATERIAL RELATED PARTY TRANSACTIONS****(a) Significant related party transactions**

The principal transactions which were carried out in the ordinary course of business are as follows:

	<b>Six months ended 30 June</b>	
	<b>2021 RMB'000</b>	2020 RMB'000 <i>As restated (Note 15(a))</i>
<b>Provision of property management services and other services</b>		
— Controlled by Modern Land Group	<b>81,390</b>	65,816
— Other companies controlled by Mr. Zhang Lei	<b>2,844</b>	3,531
— Companies controlled by Mr. Zhang Peng	<b>1,422</b>	–
— Companies jointly controlled by Mr. Zhang Lei	<b>33,924</b>	12,343
<b>Receiving services</b>		
— Companies controlled by Mr. Zhang Lei	<b>2,242</b>	2,743
— A Company controlled by Mr. Zhang Peng	<b>47</b>	–
<b>Acquisition of subsidiaries</b>		
— Companies controlled by Mr. Zhang Lei	<b>2,320</b>	–



## Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

**17 MATERIAL RELATED PARTY TRANSACTIONS** (Continued)**(b) Balances with related parties**

	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000 <i>As restated (Note 15(a))</i>
Amounts due from:		
— Companies controlled by Mr. Zhang Lei	<b>105,837</b>	83,699
— Companies controlled by Mr. Zhang Peng	<b>2,926</b>	–
— Joint ventures jointly controlled by Mr. Zhang Lei	<b>39,051</b>	40,312
	<b>147,814</b>	124,011
Amounts due to:		
— Companies controlled by Mr. Zhang Lei	<b>15,783</b>	14,649
— Companies jointly controlled by Mr. Zhang Lei	–	16
— A joint venture of the Group	<b>500</b>	500
	<b>16,283</b>	15,165
Contract assets:		
— Companies controlled by Mr. Zhang Lei	<b>19,825</b>	19,499
— Companies jointly controlled by Mr. Zhang Lei	<b>20,056</b>	7,729
	<b>39,881</b>	27,228
Contract liabilities:		
— Companies controlled by Mr. Zhang Lei	<b>19,287</b>	19,033
— Companies controlled by Mr. Zhang Peng	<b>846</b>	–
— Companies jointly controlled by Mr. Zhang Lei	<b>751</b>	84
	<b>20,884</b>	19,117

Amounts due from/to related parties are all trade nature, unsecured and interest-free, except for capital injection of RMB500,000 to the joint venture of the Group.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 17 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

### (c) Guarantees

The Group provided guarantees to bank loans of subsidiaries amounting to RMB20 million. First Assets issued a counter-guarantee to the Group in respect of 27.9% of the guarantees issued by the Group. As at 30 June 2021, the balance counter-guaranteed to the Group amounted to RMB5,580,000 (31 December 2020: nil).

## 18 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

### (a) Adoption of share award scheme by controlling shareholder

On 29 July 2021, the Company was informed that Cedar Group Management Limited (“**Cedar**”), one of the controlling shareholders of the Company, adopted a share award scheme to eligible persons in order to retain them for the continuous operation and development of the Group, and to attract suitable personnel for further development of the Group. The award shares will be satisfied by the existing shares beneficially owned by Cedar and no new shares will be issued by the Company as a result of the grant of award shares under the scheme. As of the date of this unaudited interim financial report, no share has been granted and vested.

### (b) Acquisition of a 20-year energy operation right

On 18 June 2021, a subsidiary of the Group entered into a sale and purchase agreement to acquire a 20-year energy operation right to provide central heating and energy operation services to property owners at a consideration of RMB12.5 million. The acquisition of the energy operation right has completed on 16 July 2021.

## 19 COMPARATIVE FIGURES

As a result of acquisition of subsidiaries under common control, comparative information has been restated. Further details of the restatements are disclosed in Note 15(a).

## Definitions

“AGM”	the annual general meeting of the Company held on 21 June 2021;
“Audit Committee”	the audit committee of the Company;
“BVI”	the British Virgin Island;
“CG Code”	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Listing Rules;
“China” or “PRC”	the People’s Republic of China and, except where the context requires and only for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan. “Chinese” shall be construed accordingly;
“Company”, “our Company”, or “the Company”	First Service Holding Limited (第一服务控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 20 January 2020, and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company of its present subsidiaries, its present subsidiaries;
“Dalian Yahang”	Dalian Yahang Property Management Co., Ltd. (大連亞航物業管理有限公司), a company established in the PRC with limited liability on 12 January 2006;
“Director(s)” or “our Directors”	the director(s) of the Company;
“First Living”	First MOMA Human Environment Technology (Beijing) Co., Ltd. (第一摩碼人居環境科技(北京)有限公司) (formerly known as First MOMA Human Environment Technology (Beijing) Joint Stock Limited Company (第一摩碼人居環境科技(北京)股份有限公司)), a limited liability company established in the PRC on 3 December 2014 and an indirect non-wholly owned subsidiary of our Company;
“First Property Beijing”	First Property Service (Beijing) Co., Ltd. (第一物業(北京)有限公司), a limited liability company established in the PRC on 6 December 1999, an indirect wholly-owned subsidiary of our Company;
“GFA”	gross floor area;
“Global Offering”	the Hong Kong public offering and the international offering of the Shares;
“Group”, “our Group”, “we”, “our” or “us”	our Company, its subsidiaries from time to time, or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time or the business operated by such subsidiaries or their predecessors (as the case may be);

## Definitions

“Hao Fung”	Hao Fung Investment Limited (皓峰投資有限公司), a BVI business company incorporated in the BVI with limited liability on 18 December 2019;
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC;
“Liu Pei Qing Management”	Liu Pei Qing Management Limited (劉培慶管理有限公司), a BVI business company incorporated in the BVI with limited liability on 17 December 2019;
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange;
“Listing Date”	the date, being 22 October 2020, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time;
“Long Han Management”	Long Han Management Limited (龍哈管理有限公司), a BVI business company incorporated in the BVI with limited liability on 17 December 2019;
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules;
“Proposed Share Repurchase”	the proposed repurchase of Shares by the Board pursuant to the Repurchase Mandate in the open market at appropriate timing as disclosed in the announcement of the Company dated 24 August 2021;
“Prospectus”	the prospectus of the Company dated 12 October 2020;
“Qingdao Luohang”	Qingdao Luohang Enterprises Management Co., Ltd. (青島洛航企業管理有限公司), a company established in the PRC with limited liability on 8 March 2021;
“Reporting Period”	the six months ended 30 June 2021;
“Repurchase Mandate”	the general mandate to repurchase Shares granted by the Shareholders at the AGM;
“Renminbi” or “RMB”	the lawful currency of the PRC;
“Share Award Scheme”	the share award scheme adopted by the Board on 10 May 2021;

## Definitions

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time;
“Shanghai CDH Yaojia”	Shanghai CDH Yaojia Venture Capital Center (Limited Partnership) (上海鼎暉耀家創業投資中心(有限合夥)), a limited partnership established in the PRC on 26 June 2015, whose general partner is Dinghui Equity Investment Management (Tianjin) Company Limited (鼎暉股權投資管理(天津)有限公司);
“Shareholder(s)”	holder(s) of the Shares;
“Share(s)”	ordinary shares in the capital of our Company with nominal value of US\$0.0000002 each;
“Share Option Scheme”	the share option scheme conditionally adopted pursuant to the written resolutions passed by our Shareholders on 25 September 2020;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent.

*In this interim report, the terms “associate”, “close associate”, “connected person”, “connected transaction”, “continuing connected transaction”, “core connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*