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服務成就美好生活



碧桂園服務控股有限公司

Country Garden Services Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6098

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▶▶ CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Changjiang (*President*)
Mr. Xiao Hua
Mr. Guo Zhanjun

Non-executive Directors

Ms. Yang Huiyan (*Chairman*)
Mr. Yang Zhicheng
Ms. Wu Bijun

Independent Non-executive Directors

Mr. Mei Wenjue
Mr. Rui Meng
Mr. Chen Weiru

AUDIT COMMITTEE

Mr. Rui Meng (*Chairman*)
Mr. Mei Wenjue
Mr. Chen Weiru

REMUNERATION COMMITTEE

Mr. Chen Weiru (*Chairman*)
Ms. Yang Huiyan
Mr. Mei Wenjue

NOMINATION COMMITTEE

Ms. Yang Huiyan (*Chairman*)
Mr. Rui Meng
Mr. Chen Weiru

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Li Changjiang (*Chairman*)
Mr. Xiao Hua
Mr. Guo Zhanjun

JOINT COMPANY SECRETARIES

Mr. Huang Peng
Mr. Leung Chong Shun

AUTHORISED REPRESENTATIVES

Mr. Li Changjiang
Mr. Huang Peng

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

4th Floor, Ruttonjee House
Ruttonjee Centre
11 Duddell Street
Central
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

West Building of Country Garden Office
Beijiao Town
Shunde District, Foshan
Guangdong Province, PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR

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

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22nd Floor, Prince's Building, Central, Hong Kong

LEGAL ADVISERS

As to Hong Kong laws:
WOO KWAN LEE & LO
26/F, Jardine House, 1 Connaught Place, Central,
Hong Kong

As to PRC laws:
DeHeng Law Offices (Shenzhen)
11/F, Section B, Anlian Plaza, No. 4018 Jintian Road,
Futian District, Shenzhen, PRC

PRINCIPAL BANKERS

Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
China Merchants Bank Co., Ltd.
Industrial and Commercial Bank of China Limited

COMPANY WEBSITE

www.bgyfw.com

STOCK CODE

6098

LISTING DATE

19 June 2018

AWARDS AND HONOURS



On 22 April 2021, China Index Academy (“CIA”) and China Real Estate TOP 10 Research Group jointly released the list of “2021 Top 100 Property Management Companies in China” (2021 中國物業服務百強企業). With its outstanding comprehensive strength and performance, Country Garden Services Holdings Company Limited (“CG Services” or the “Company”) ranked first among top 100 property management companies in the People’s Republic of China (“China” or “PRC”) in 2021, and won a total of three awards including No. 1 in terms of “Operational Performance among Top 10 of the 2021 Top 100 Property Management Companies in China” (2021中國物業服務百強企業經營績效TOP10), No. 1 in terms of “Service Scale among Top 10 of the 2021 Top 100 Property Management Companies in China” (2021中國物業服務百強企業服務規模TOP10) and “2021 New Property Service Leading Company in China” (2021中國新物業服務領先企業).



On 20 May 2021, the 2021 Fourth China Real Estate Finance Forum, hosted by YIHAN (億翰智庫) and Jiaye Jiaye (嘉和家業) and co-organized by Gelonghui (格隆匯), was held in Shenzhen, during which the research findings on “Top 100 Listed Property Management Companies in China” were published. With its prominent comprehensive strength, outstanding performance in the capital market, steadily growing investment value and strong sense of social responsibility, CG Services won the awards including “2021 Top 1 Listed Property Management Company in China” (2021中國上市物業服務企業TOP1), “2021 Top 10 Property Management Companies with Highest Long-term Investment Value in China” (2021中國物業服務企業最具長期投資價值十強), “2021 Top 10 Listed Property Management Companies in terms of Operation Capability in China” (2021中國上市物業服務企業經營能力十強), “2021 Top 10 Listed Property Management Companies in terms of Financing Capability in China” (2021中國上市物業服務企業融資能力十強), “2021 Top 10 Listed Property Management Companies in terms of Credit Rating in China” (2021中國上市物業服務企業資信評級十強) and “2021 Top 10 Property Management Companies with Most Distinctive Development in China” (2021中國物業服務企業最具發展特色十強).



AWARDS AND HONOURS



On 26 February 2021, 21 May 2021 and 20 August 2021, CG Services continued to make progress and won recognition by the international capital market for our outstanding and steady performance, and were included in the Hang Seng China Enterprises Index, the Hang Seng Index and the Hang Seng ESG 50 Index as a constituent on 15 March 2021, 7 June 2021 and 6 September 2021, respectively.

恒生指數
HANG SENG INDEXES

新聞稿
PRESS RELEASE

Hang Seng Indexes Announces Index Review Results

(Hong Kong, 26 February 2021) – Hang Seng Indexes Company Limited (Hang Seng Indexes Company) today announced the results of its review of the Hang Seng Family of Indexes for the quarter ended 31 December 2020. All changes will take effect on 15 March 2021 (Monday).

1. Hang Seng Index

The following constituent changes will be made to the Hang Seng Index. The total number of constituents will increase from 52 to 53.

Inclusion:	Code	Company
	2611	Alibaba Health Information Technology Ltd.
	966	Longfor Group Holdings Ltd.
	6842	Haidilao International Holding Ltd.

The list of constituents is provided in Appendix 1.

2. Hang Seng China Enterprises Index

The following constituent changes will be made to the Hang Seng China Enterprises Index. The total number of constituents will be reset to 58 from current 52.

Inclusion:	Code	Company
	8098	Country Garden Services Holdings Co. Ltd.
	9033	Nanyang Spring Co., Ltd. – H Shares

Removal:	Code	Company
	586	China Cereak Venture Holdings Ltd.
	837	PetroChina Co. Ltd. – H Shares
	1044	Hengan International Group Co. Ltd.
	1193	China Resources Gas Group Ltd.

The list of constituents is provided in Appendix 2.

Changes in constituent companies of the Hang Seng China Enterprises Index will also be applied to the Hang Seng China Enterprises Smart Index.

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恒生指數
HANG SENG INDEXES

新聞稿
PRESS RELEASE

Hang Seng Indexes Announces Index Review Results

(Hong Kong, 21 May 2021) – Hang Seng Indexes Company Limited (Hang Seng Indexes Company) today announced the results of its review of the Hang Seng Family of Indexes for the quarter ended 31 March 2021. All changes will take effect on 7 June 2021 (Monday).

1. Hang Seng Index

The following constituent changes will be made to the Hang Seng Index. The total number of constituents will increase from 53 to 56.

Inclusion:	Code	Company
	9802	Sony Solar Holdings Limited
	1211	BVH Company Limited – H shares
	6998	Country Garden Services Holdings Company Limited

The list of constituents is provided in Appendix 1.

2. Hang Seng China Enterprises Index

The following constituent changes will be made to the Hang Seng China Enterprises Index. The total number of constituents will be reset to 59 from current 51.

Inclusion:	Code	Company
	1211	BVH Company Limited – H shares
	6998	Country Garden Services Holdings Company Limited

Removal:	Code	Company
	270	Guangdong Investment Limited
	762	China Unicom (Hong Kong) Limited
	788	China Tower Corporation Limited – H shares

The list of constituents is provided in Appendix 2.

Changes in constituent companies of the Hang Seng China Enterprises Index will also be applied to the Hang Seng China Enterprises Smart Index.

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恒生指數
HANG SENG INDEXES

新聞稿
PRESS RELEASE

Hang Seng ESG 50 Index

The following constituent changes will be made to the Hang Seng ESG 50 Index. The total number of constituents remains unchanged at 50.

Inclusion:	Code	Company
	86	MTR Corporation Ltd.
	175	Geely Automobile Holdings Ltd.
	980	Finch International Ltd.
	989	Tobacco Industries Co., Ltd.
	884	CBH Holdings (Group) Co., Ltd.
	1133	CR Asset Holdings Ltd.
	1147	Hua Hong International Ltd.
	2082	Sony Optical Technology (Group) Co., Ltd.
	2689	Sino Dragon Paper (Holding) Ltd.
	3380	Logan Group Company Ltd.
	6998	Country Garden Services Holdings Co., Ltd.

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On 9 June 2021, the 2021 Property Service Summit (2021 物業服務力峰會) hosted by E-House CRIC, a third-party professional institution, kicked off in Shanghai, during which the 2021 Property Service Evaluation Results were published. CG Services received two honours including “Top 100 Property Service Companies in 2021” (2021 物業服務力百強企業) and “Top 10 City Service Companies in 2021” (2021 城市服務TOP10企業).






On 22 June 2021, the 2021 Top 100 Blue Chip Property Management Companies Summit, hosted by Economic Observer Media and The Economic Observer, was held in Beijing. CG Services won the awards including “2021 Top 100 Blue Chip Property Management Companies” (2021 藍籌物業百強企業), “Listed Companies with Strongest Comprehensive Strength” (上市綜合實力企業), “Distinguished Smart Technology Innovation Companies” (卓越智慧科技創新企業) and “Distinguished Brand Value Companies” (卓越品牌價值企業).






▶▶ CHAIRMAN'S STATEMENT

“ To create a better society
with our existence
— Yeung Kwok Keung ”



Dear Shareholders,

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company is pleased to report that the Company and its subsidiaries (the “**Group**” or “**we**”) recorded revenue of approximately RMB11,559.8 million for the six months ended 30 June 2021 (the “**Period**”), representing an increase of 84.3% as compared to the corresponding period in 2020, and gross profit of approximately RMB3,859.7 million, representing a year-on-year increase of 65.5%. The net profit for the first half of this year was RMB2,226.2 million, representing an increase of 66.7% compared to the corresponding period in 2020. The profit attributable to the owners of the Company increased from approximately RMB1,314.8 million for the corresponding period in 2020 to approximately RMB2,113.0 million, representing an increase of approximately 60.7%. The basic earnings per share were RMB69.87 cents, representing an increase of approximately 44.8%.

Our property management scale has reached a new level. As at 30 June 2021, our contracted gross floor area (“**GFA**”) was approximately 1,205.0 million sq.m. and our revenue-bearing GFA was approximately 644.0 million sq.m.. Among which, both of the revenue-bearing and contracted GFA of the property management services of the “Three Supplies and Property Management” businesses were 85.2 million sq.m.. The revenue-bearing GFA of the property services of Sichuan Languang Justbon Services Group Co., Ltd. (“**Justbon Services**”) was approximately 129.7 million sq.m., with contracted GFA of approximately 219.1 million sq.m..

With our sound corporate operation, steady business portfolio, high quality services and industry-leading brand reputation, we continued to win the awards “No. 1 in terms of Overall Strengths” (綜合實力第一), “No. 1 in terms of Operational Performance” (經營績效第一), “No. 1 in terms of Service Scale” (服務規模第一), and “Leading New Property Service Company in the PRC” (中國新物業服務領先企業) among the “Top 100 Property Management Companies in China in 2021” granted by CIA. Over the three years following our listing, we continued to make relentless efforts and won recognition by the international capital market for our excellent and steady performance. We are the first listed property management company to be included in the Hang Seng Index, the Hang Seng China Enterprises Index and the Hang Seng ESG 50 Index as a constituent stock. Thanks to the support and trust of all sectors of society, we will move forward with reputation and live up to our trust.

The year 2021 marks the 100th anniversary of the founding of the Communist Party of China. Over the past 100 years, the Party has persisted in ensuring and improving people's livelihood in the course of development and led the people to win an all-round victory in the battle against poverty. Under the leadership of the Party, CG Services adhered to the original intention of “people-oriented” services, promoted the integration of property services into grass-roots social governance to provide residents with high-quality and diversified services, and continued to make use of our unique advantages in exploring professional, refined and intelligent community and city services to help improve the quality of life of community residents.

Since the COVID-19 outbreak, we continued to optimize community epidemic prevention and control plans, actively participated in community epidemic prevention and control, and firmly held the first line of defense for epidemic prevention and control to protect the health of property owners. There was no case of infection in public areas of the communities under our management, and there was no confirmed or suspected case of infection among our frontline service staff. Following the torrential rain disaster in Henan Province in July 2021, CG Services immediately activated an emergency plan for flood control and required all managers to take a leading role and try their best in flood control.

Thousands of our front-line employees in various communities in Henan responded quickly to eliminate the hidden dangers of the flood as quickly as possible to ensure the normal use of water and electricity by property owners, and formed a temporary “material transportation team” to deliver water and food reserves to property owners. Holding the front line of flood control in the community, they built an iron wall for flood control and disaster relief and made every effort to protect the safety of nearly 70,000 households of property owners. Thank you for highlighting our professional services as a property management company with actions and our value and prospects in assisting the government in grass-roots governance to improve and benefit people's livelihood.

Since 2021, China has successively issued a series of normative and encouraging policies to guide and support the healthy development of the property management industry and inject new momentum into the development of the industry. In March 2021, the 14th Five-Year Plan Outline mentioned “property” in six places, which indicated that the property management industry has received unprecedented attention in the national development strategy and strengthened the confidence in the development of the industry. In May 2021, 12 departments including the Ministry of Commerce issued the “Opinions on Promoting the Construction of a Quarter-hour Convenient Living Circle in Cities” (《關於推進城市一刻鐘便民生活圈建設的意見》), encouraging qualified property management companies to extend their business to the areas of elderly care, childcare, housekeeping, postal express delivery, front warehouse, etc. and promote “property services plus living services”. It provided a comprehensive guide for the development of the property management industry and opened up the imagination space for the new growth of the industry. In July 2021, eight departments including the Ministry of Housing and Urban-Rural Development jointly issued the Circular on Continuous Improvement and Standardization of the Order of the Real Estate Market (《關於持續整治規範房地產市場秩序的通知》), which further imposed more stringent requirements for the service quality of the property service market to promote the standardized development of the industry.

Continuous supportive policies will push the industry into a “golden period” of rapid development, and the “new property management service” of active expansion of service boundary and adhering to the essence of service to benefit residents will become an inevitable direction of industry upgrading. In the meantime, the requirements for industry standardization will promote benign competition in the industry, create more market opportunities for open, transparent property management companies with standardized operation to help them grow healthily, and create a new landscape for high-quality development.

Gold is seen only after the waves wash away the sand. As policy support opens up new historical opportunities for the property management industry, CG Services will, by adhering to the service concept of “Property owners' welfare always takes priority”, continue to explore and expand the boundaries of property management services, extending to home services, local life, real estate brokerage and other fields. We will strengthen our ability to provide digital property management services, use the Internet, big data, artificial intelligence and other technological means to provide smart property management services and bring a safer and more convenient service experience for property owners, and provide cities with services including smart operation of municipal services, refined city governance services and long-term management of old communities to facilitate high-quality development of cities.

We have in-depth planning for the strategic community life sector and strive to pursue co-prosperity and symbiosis with the industry and cooperative enterprises. On the basis of residential property services, CG Services strengthened the vertical development of whole cycle community life services to meet the needs of property owners in all community life scenarios with basic property management services and value-added services including housekeeping, real estate brokerage, community media and home decoration services. Community value-added services have huge market potential. We have in-depth planning for the community life service sector to empower the property management service ecosystem with community at the core, and focus on the sectors with wide market and strong community scenarios in order to generate synergies by reusing existing resources. We have reached strategic cooperation with Century Real Estate* (世紀宏圖不動產) in the field of real estate brokerage and will make in-depth planning for the real estate brokerage business as a strategic sector to strengthen community value-added services and connect more businesses. We are building a “customer-oriented” property ecological system, develop “new economy” around community life services, empower small and medium-sized property management companies, and strive to pursue common prosperity with cooperative enterprises and the industry.

We defined city services for the first time and strive to create a new ecological system for smart city services. We always adhere to our original intention of “Creating a better life for the society”. As an initiator and pioneer of city service concept in the PRC, we carried out many practices and explorations by participating in the transformation in a market-oriented way, providing supplementary public services for grassroots community, city emergency rescue, and resource integration and utilization. We held the “CG Services City Service Developers Conference” with the theme of “Link Ecology to Grow Together”, during which we published our definition of city services for the first time. We have actively explored and established a complete ecological chain model of city services and formed a city service business development framework with think tank serving as the brain and combining online platforms, offline services, surrounding ecological system to connect upstream and downstream links. We will further follow a business development path of collaborating with both partners and ecological partners, build a new digital smart central platform, improve the upstream and downstream industrial chain of city services, break resource barriers, and plan for a new ecological system of high-level, wide-ranging, and sustainable urban services.

We promoted the development of intelligent services to empower the industry with technology. The digital transformation of the property management service industry is inevitable, which will help to improve the quality and efficiency of service operation, reduce operating costs, enhance service quality and reduce the pressure of expansion. In terms of intelligent services, we promoted the application and deployment of intelligent systems nationwide, covering over 3,000 projects and 1,593,000 pieces of equipment and intelligent monitoring objects in total, which realized the smart upgrading of application scenarios including traffic management, fire safety management, basic water and electricity equipment and facilities management, and property owner service optimization in order to improve customer experience and satisfaction. In addition, the market presence of our digital property service brand “Tianshi Cloud” was further expanded to empower over 200 third-party corporations and cover 627 projects with GFA of nearly 63.00 million sq.m.. We have also set up a robot company and plan to launch a variety of robots in the field of property management. In the future, we will be able to send work orders to cleaning robots via the task and work order system to create new work scenarios of man-machine cooperation.

We continued to improve our talent training system and strive to grow together with our employees. We developed differentiated employee training, performance appraisal and incentive plans for employees, ranging from general employees to senior management who have different skill sets and career goals, to help employees achieve self-improvement and remodeling. We built a multi-channel development position system, and launched the “100 Youth Talent Programme” to boldly select outstanding talents to deliver new blood to management positions. We launched the “Gold Rush Plan”, under which we selectively identified talents with strong potential to fully activate the vitality of internal talents and realize the timely supply of talents for key business positions. We established the CG Services School to further tap high-potential talents and optimize the construction of talent echelon as well as actively empower industry customers, which has strengthened the market competitiveness of CG Services. We carried out a survey, the “First Employee Well-being Survey”, to fully understand the opinions and suggestions of employees, and continued to improve employee compensation and benefit system to promote the long-term sustainable and healthy development of the Company.

We adhered to the leadership of the Party and government arrangements and firmly held the service defense line for epidemic prevention and flood control. In view of the COVID-19 pandemic, CG Services quickly responded and fully cooperated with the government in making the relevant anti-epidemic work arrangements while providing services as usual. We adhered to the leadership of the Party and shouldered our responsibility for epidemic control with strong professionalism and corporate social responsibility. In May 2021, we actively called on more than 400 Party member volunteers to go to the front line of anti-epidemic in Guangzhou and Foshan and help with nucleic acid detection services for residents. They worked side by side with medical workers, demonstrated the advanced nature of Party members and overcame difficulties with community workers. Facing the flood and typhoon disasters, we worked with the government and the community and joined the front line of the fight against natural disasters to carry out pre-flood warning, rescue during the flood and post-flood elimination work in an orderly manner, which confirmed our original mission with practical actions and reciprocated the trust of customers and the public to achieve a better life with our services.

* for identification purpose only

In 2020, we officially introduced our new corporate vision. We aim to become a “world-leading group providing new property management services”. Focusing on people’s needs for architectural space, we engage in customer-oriented horizontal and vertical development, exploring new services, developing new technologies, building new ecological systems, and creating new value. Based on the development model of “Service + Technology” and “Service + Ecology”, we focus on the business portfolio strategy of “Big Property Management” and “Big Community Services” to strengthen our four core capabilities, namely, service capabilities, technological capabilities, channel capabilities and investment capabilities, and to continue promoting the implementation of the strategies.

We have enhanced our service capabilities and technological capabilities under the business strategy of “Big Property Management”.

We have enhanced our professional service capabilities. With new models, new tools and new methods, we realized the breakthrough and improvement of professional management from version 1.0 manual operation to version 2.0 manual + mechanical operation and to version 3.0 intelligent operation. By combining years of service experience in diverse types of properties and the consolidation of our basic services, we have acquired professional capabilities for facility management. We have carried out professional operation and improved our standardized system of basic services. We are committed to introducing AI technology and mechanical tools into basic property management services, creating a smart management platform, promoting the mechanization, intelligitization and intensification of services, and becoming an industry-leading service company.

We have enhanced the application of our technological capabilities and comprehensively promoted digital transformation. We disaggregated the standard operating procedures for property management work, quantified each service detail, and realized the automatic dispatch of work orders and automatic management of service process using massive service data, environmental data and third-party data and our 32 types of self-developed core algorithms. By combining the application of technologies including artificial intelligence, IoT sensors and robots, we realized smart operation in service space and automatic work arrangement and results examination, which has significantly improved our service efficiency and freed repetitive and inefficient labour. With butler services at the center, we facilitated comprehensive digital empowerment to connect the needs of property owners to extensive services and products, in order to better meet customer needs with precise insight and intelligent matching. We accelerated the promotion of the Internet of Everything and man-machine integration, and realized intelligent perception of the living contacts and rhythm of people, equipment and environment, automatic decision-making and processing. In the future, we will realize the intelligent operation of space services, platform-based customer operation and management digitalization, create a fully closed-loop smart service system, and continuously improve people-efficiency ratio and service experience.

We have enhanced our channel capabilities and investment capabilities under the business strategy of “Big Community Services”.

We have enhanced our channel capabilities. We created a unique integrated community marketing model of “Advertising + New Retail”, which was further verified through our major cooperation with the Fenjiu Group in 2020. In the future, we will continue to enhance our channel capabilities and seek to export such capabilities and empower more small and medium-sized property management companies to build their channel capabilities.

We have enhanced our investment capabilities. We are committed to the realization of professional and corporate development of community value-added services through internal incubation, business cooperation and mergers and acquisitions. In 2020, we completed an acquisition in the community life service area, being the acquisition of City-Media (Shanghai) Culture Media Co., Ltd.* (城市縱橫(上海)文化傳媒有限公司), a leading elevator advertising media company. In the future, we plan to build a leading enterprise in community communication by leveraging our unique advantages in such areas as a property management company.

To live up to the trust, we forged ahead. Finally, on behalf of the Board, I would like to thank all the staff and management team for their consistent dedication to the Company and the property management services and extend my heartfelt gratitude and highest respect to our front-line colleagues who held the front line of community epidemic prevention and the fight against flood disasters in Henan Province. I would also like to express my sincere appreciation to all shareholders and stakeholders for their trust and support. Under the guidance of national policies, we will continue to work hard on the “new property management services” sector, and strive to create a better life for thousands of households with a people-oriented mind and high-quality development.

We wish to create a better society with our existence.

We are determined to shape a prosperous future through our conscience and social responsibility awareness.

Yang Huiyan
Chairman of the Board

Foshan, China, 25 August 2021

* for identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading integrated service provider in the PRC covering diversified business forms. Our business covers many business forms including residential properties, commercial properties, office buildings, industrial parks, multi-purpose complexes, government buildings, hospitals, schools and other public facilities, such as airport terminals, highway service stations and cultural scenic areas. We have won industry-leading customer satisfaction and brand reputation with quality services, as well as gained high recognition in the industry. We have won authoritative awards including “No. 1”, “No. 1 in terms of Operational Performance” (經營績效第一) and “No. 1 in terms of Service Scale” (服務規模第一) among the “Top 100 Property Management Companies in China in 2021” (2021年中國物業服務百強企業) granted by CIA; “Top 1 among Listed Service Companies in China in 2021” (2021年中國上市服務企業TOP1) granted by YIHAN (億翰智庫) and Jiahe Jiaye (嘉和家業); and “Leading Company in City Services” (城市服務領先企業) and “Leading Company in Smart Property Services” (智慧物業服務領先企業) in 2020 granted by China Property Management Research Institution. We are highly recognized in the international capital market. We were included in the Hang Seng China Enterprises Index as a constituent on 15 March 2021, in the Hang Seng Index as a constituent on 7 June 2021, and will be formally included in the Hang Seng ESG 50 Index as a constituent on 6 September 2021.

The major business sectors of the Group include: (i) property management services, (ii) community value-added services, (iii) value-added services to non-property owners, (iv) the “Three Supplies and Property Management” businesses, (v) city services, and (vi) commercial operational services, which constitute part of our comprehensive services we provide to customers that cover the full value chain in property management.

Property Management Services

We provide property owners, residents and property developers with a series of property management services, including security, cleaning, green landscaping, gardening, repair and maintenance, and other services. During the Period, the revenue from property management services was approximately RMB5,172.3 million, representing an increase of approximately 30.5% compared to the same period of last year, and its percentage of total revenue decreased to approximately 44.7%. Gross profit margin was 33.6% (As at 30 June 2021, Justbon Services had been included in the scope of consolidation but had not generated consolidated revenue. This business segment excludes the contracted GFA, revenue-bearing GFA and other operating data of its property management services).



The scale and nationwide geographical coverage of the property management business of the Group continued to expand. As at 30 June 2021, apart from the property management services of the “Three Supplies and Property Management” businesses, our contracted GFA was approximately 900.7 million sq.m., and our revenue-bearing GFA was approximately 429.1 million sq.m.. In addition, both of the revenue-bearing and contracted GFA of the property management services of the “Three Supplies and Property Management” businesses were 85.2 million sq.m.. Our projects cover more than 370 cities in 31 provinces, municipalities, autonomous regions in Mainland China and Hong Kong Special Administrative Region and overseas, with a focus on five key economically developed city clusters, including the Pearl River Delta, the Yangtze River Delta, the middle reaches of the Yangtze River, the Beijing-Tianjin-Hebei Region and the Chengdu-Chongqing Region in China. We manage a total of 3,656 properties and provide property management services to approximately 4.65 million domestic and overseas property owners and merchants.

Property management services are the fundamental business of the Group, and the Group always adheres to high-quality scale expansion. With our extensive management experience, professional service capability and brand strengths, we continued to strengthen market channel expansion and network construction, and focused on key areas and market segments. Our market-oriented ability has been rapidly improved and a number of breakthroughs have been made. For non-residential properties, we successfully won a number of landmark projects, including the headquarters project of The Export-Import Bank of China, being a high-end commercial office building project, and projects for colleges including the Economics and Management School of Wuhan University, Jiamusi University and Shanghai Open University, etc. We continued to expand business in the field of high-speed rail transit hub properties and undertook projects including Lhasa International Airport Terminal 3, Zhengzhou East Station and Xinjiang Express to provide integrated services. We also facilitated the companies acquired or merged to achieve organic growth with brand expansion, and the cluster effect of multi-brand coordinated development of the Group has become evident. During the Period, the Group recorded an incremental contracted GFA of approximately 80.2 million sq.m., of which approximately 55.7% was from third-party expansion. Brand expansion has become an important source of our scale growth. As at 30 June 2021, the Group’s contracted GFA was approximately 900.7 million sq.m., of which the contracted GFA from third parties was approximately 293.9 million sq.m., accounting for approximately 32.6% of total contracted GFA, approximately 5.0 percentage points higher than that of the same period in last year.



▶▶ MANAGEMENT DISCUSSION AND ANALYSIS



Community Value-added Services

We are committed to becoming an “integrated whole-cycle community life services operator”. By focusing on the family growth cycle of property owners, the property value cycle and the mature development cycle of communities, we strive to provide property owners with comprehensive community life services to meet their needs for asset preservation and appreciation and daily life needs, so as to enable property owners to experience the beauty of property management services. Community value-added services have developed into a new engine driving the continuous healthy growth of the Group. By building a professional team, expanding resource integration capability, collaborating with strong partners from various industries and leveraging our natural advantage as a property management service provider of close proximity to community scenarios and huge traffic, we are promoting the professional and market-oriented development of community value-added services in wider areas across China. During the Period, the Group’s revenue from community value-added services was approximately RMB1,398.3 million, representing an increase of approximately 132.0% compared to the same period of last year. Its percentage of total revenue of the Group increased by 2.5 percentage points to approximately 12.1% compared to the same period of last year, and its percentage of gross profit of the Group increased by 7.0 percentage points to approximately 24.0% compared to the same period of last year. Its gross profit margin increased by 0.3 percentage points to approximately 66.2%.

Six major businesses have formed in our community value-added services sector: (i) home services — providing property owners with safe, convenient, professional and considerate full-range home services through a standardized operation system; (ii) home decoration services — integrating well-known home decoration brand resources to provide one-stop home decoration services; (iii) community media services — establishing deep connection between consumers and brands through community media matrix; (iv) local life services — setting up local consumption scenarios for customers and continuously adapting to the needs of property owners to customize diversified life services; (v) real estate brokerage services — serving the needs of property owners for asset management and further developing second-hand property rental and sale; and (vi) community area services — making full use of community space resources and carrying out business with the aim of providing convenience to the life of property owners and improving their sense of happiness in living.

The revenue from community media services increased by approximately 551.7% to approximately RMB423.6 million compared to the same period of last year. We strengthened the integration of resources and teams with City-Media and developed integrated community marketing plans. We also provided standardized marketing services for local small- and medium-sized merchants to promote the business scale growth. The revenue from local life services increased by approximately 120.8% to approximately RMB381.1 million compared to the same period of last year. We built a one-quarter convenience life circle. With “Louxia”, a convenience service experience center, as community front warehouse to quickly respond to property owners’ demand for high-frequency household necessities, we strive to improve the satisfaction of property owners and strengthen their loyalty in consumption. We optimized product mix and tapped into holiday consumption scenes by providing high-quality festive goods favored by customers at New Year Festival, Dragon Boat Festival and Mid-Autumn Festival. The revenue from real estate brokerage services increased by 84.3% to approximately RMB118.5 million compared to the same period of last year. Following a comprehensive brand upgrading, “Youwa” currently operates over 100 shops, with business covering more than 80 cities. Under an innovative management model of “directly-operated shops + partnership shops”, it empowers the operation and management of brokerage business and provides quality assurance services for customers’ second-hand property trading. The revenue from home decoration services increased by approximately 71.8% to approximately RMB212.2 million compared to the same period of last year. We vigorously developed existing and new markets and strived to create a full closed-loop service chain to meet home decoration needs in terms of new property decoration, second-time decoration of second-hand properties, and renovation for lease and sales. We also worked with outstanding partners in the home decoration industry to build a symbiotic and shared service ecosystem. The revenue from home services increased by approximately 45.9% to approximately RMB166.2 million compared to the same period of last year. We adopted a strategy of mainly self-operation, supplemented by platform, in operation. Through 26 established housekeeping training bases, we continued to improve the skills of housekeeping service personnel to provide property owners with high-quality and professional services.

Value-added Services to Non-Property Owners

During the Period, the revenue from value-added services to non-property owners was approximately RMB1,058.3 million, representing an increase of approximately 56.9% compared to the same period of last year and accounting for approximately 9.2% of total revenue of the Group. The value-added services we provide to non-property owners mainly include (i) management consultancy services to property developers for their pre-sale activities, as well as consultancy services for properties managed by other property management companies, (ii) cleaning services, green landscaping, repair and maintenance services to property developers at the pre-delivery stage, (iii) sales and leasing agency services of unsold parking spaces and properties, and (iv) elevator products installation and supporting services and other services.

Three Supplies and Property Management Businesses

The Group established a joint venture in 2018 and began to enter the separation and transfer of property management and heat supply on “Three Supplies and Property Management” Reform. As at 30 June 2021, the revenue-bearing GFA and contracted GFA of the property management services of the “Three Supplies and Property Management” businesses were both approximately 85.2 million sq.m., and the revenue-bearing GFA of the heat supply business was approximately 42.3 million sq.m.. During the Period, the revenue from property management business was approximately RMB924.3 million, and the revenue from heat supply business was approximately RMB659.6 million.

Focusing on the work objective of “1st year stable, 2nd year smooth and 3rd year solid”, we continued to promote in-depth integration with our partners and had achieved initial results in terms of operation management, market expansion, quality management, intelligent construction and community value-added services. We jointly promoted the gradual expansion of our business scope to the integrated services provided to office properties, and the plants, industrial parks, oil and gas plants and stations of petroleum and petrochemical enterprises, and the integrated logistics services provided to state-owned enterprises including staff canteens. We supported our partners with Tianshi Cloud digital solutions, covering all aspects of operation, IoT and services. We have established a comprehensive management and control system and security service barrier, realized centralized management, cost reduction and efficiency enhancement, promoted the intelligent upgrading of communities and improved service quality and customer satisfaction. We strengthened cooperation with our partners, focused on key community value-added services including housekeeping services, community retail, advertising media, elderly care and childcare and community tourism, and established a professional service team to provide property owners with convenient, high-quality one-stop life services.



City Services

The Group is a leading city governance public service explorer and city operation service integrator in the PRC. We adhere to our strategy of focusing on new urbanization. With “improving governance and environment to benefit business and people” as core value, we promote high-quality development of cities through our three core business, being city municipal services, city area operation and city community governance. Driven by market demand and core technologies, on the basis of sharing ecological partners and resource platforms and with the balance between the comprehensive benefits and long-term benefits of “government driven” public services in mind, the Group launched the City Co-existence Programme 2.0 under its city services by leveraging our own resource advantage of whole industry chain to provide cities with full-scenario digital solutions for city operation, including smart operation of municipal services, refined city governance services, long-term management of old communities, public city resources and assets operation, and modern community governance.

By integrating Country Garden Manguo Environmental Technology Group Co., Ltd. (“**Manguo**”) and Fujian Dongfei Environment Group Co., Ltd. (“**Dongfei**”), being companies acquired in 2020, resource sharing, business collaboration and capital integration, we further promoted the large-scale development of city services. As at 30 June 2021, our city services business covered over 150 cities. During the Period, city services recorded revenue of approximately RMB2,095.0 million. The Group’s city services business maintained steady growth, and its business types and cooperation methods have gradually become enriched and diversified. We continued to expand municipal sanitation business, and successfully undertook the integrated environmental sanitation project in Lingao County, Hainan Province and sanitation management and protection service projects in Lusigang Town, Qidong, Jiangsu Province, Gonghe Town, Jiangmen, Guangdong Province, Jinrui Town, Yichun, Jiangxi Province, Xi’an Town, Qingyuan, Guangdong Province. We joined hands with Tianjin Binhai New Area and Jinshi, Changde to explore a new model for the transformation and long-term operation of old communities. In addition, we reached strategic cooperation with local governments in more than 10 places, including Ningling County, Henan Province, Yuhui District, Bengbu City, Anhui Province, Suyu District, Suqian City, Jiangsu Province, Shihudang Town, Songjiang District, Shanghai, and Haojiang District, Shantou, to explore ways to boost the high-quality development of cities.

Commercial Operational Services

The Group provides shopping malls, community commerce, office buildings and other projects with full-chain services such as business planning consulting, investment promotion, operation and planning services, mainly including (i) conducting commercial operation and management of the properties owned by leasing developers or property owners; (ii) providing property market research and positioning services at the investment stage of property developers; (iii) providing market research and positioning, business planning consulting, tenant solicitation and opening preparation services to property developers or owners at the preparation stage before the opening of the properties; and (iv) providing tenant solicitation, operation and management services to property owners or tenants at the stage of property operation. During the Period, the Group’s commercial operational services segment recorded total revenue of approximately RMB140.0 million.

Since the publication of the Group’s annual report for the year ended 31 December 2020, save for the commencement of commercial operational services business, there has been no significant change in the possible future business development of the Group and the Group’s outlook for the fiscal year 2021.

PROSPECTS AND FUTURE PLANS

Restructure the city service ecosystem, and strive to become an explorer in new types of city governance services

Based on people's continuous pursuit of a better life, the scope of services of property management companies is no longer limited to the communities, but is extended to other scenarios in the cities. In 2015, CG Services tested the water for city services for the first time in the industry and entered Hancheng City, Shaanxi Province. In 2018, we launched the "City Co-existence Programme". In 2019, we entered Kaiyuan and ensured the stable operation of city sanitation functions under extreme typhoon disaster by providing disaster relief and rescue. In 2020, we entered Xinshi Town, Junliangcheng, Tianjin and introduced the operation model of smart red city big property services. We improved the quality of the park area through the application of technologies, made up for the lack of supporting facilities through innovative services, and promoted the high-quality development of Xinshi Town with the demonstration and driving role of integrated public municipal and property services.

As an initiator and pioneer of city service concept in the PRC, CG Services is reconstructing a new city service system and promoting the development of a new city service ecosystem through strategic initiatives such as "City Governance Think Tank Alliance", "City Service Ecology Alliance" and "City Service Partner Programme". In the future, CG Services will work with ecological partners to empower China's new city governance process and jointly conduct market development and diversified channel development in the field of city services. We will continue to seize the opportunities for city development, enter cities with strategic location advantages, and strengthen our presence in city services. By adhering to the philosophy of "Making cities better with our services", we will shift from serving cities to operating cities, improve city service level, and work together to create a better future.

Strengthen presence in strategic sectors to meet customer needs, build and share a new service ecosystem

In the new property era, community value-added services are the second growth curve of property management companies. CG Services will develop the "new economy" by focusing on community life services, and build a new service ecosystem by meeting customers' potential and real needs. In the future, we will continue to strengthen our presence in strategic service sectors covering the whole cycle of community life and provide real estate brokerage, asset operation, community insurance and home decoration services to meet the needs for asset preservation and appreciation, and provide community media, local life, home services and community elderly care services to meet the daily life needs of property owners. In addition, we will continue to optimize our service solutions, design innovative services, and create additional upgraded value-added services and value services with good reputation and customer recognition, so as to provide property owners with a good style of life.

CG Services will unite with outstanding partners in various industries to build a "customer-oriented" service ecosystem and form a cooperation model of symbiosis, sharing and co-creation, while empowering the industry strategic alliance. The building of a new ecosystem will give us stronger resource integration ability and enable us to create a diversified model of life and business cooperation as well as a situation of symbiosis, sharing and co-creation through cross-industry integration by improving efficiency and gathering resources to better meet the diversified life needs of property owners.

Fully promote the “digital property service” transformation to create higher value for customers with technology

Digitization is a necessary prerequisite for the transformation of the property management industry, especially for large property management companies. With management scale expansion, only by building an overall digital platform and focusing on improving openness, application ability, AI ability, big data and IoT ability can they effectively improve personnel efficiency and service experience and maintain leading position in the industry. CG Services is committed to applying new property technologies to continuously provide better services to property owners and create higher service value for the community with digital abilities. All aspects of life have been comprehensively improved, including personnel and vehicle access scenarios, equipment maintenance, quality management, personnel dispatching, public area security, fee payment, calling property housekeeper and data analysis.

In the new sector of property management service digitization, we will carry out digital development starting with three areas, being “intelligent space service operation”, “customer service operation platform” and “digital support service management”. We use a large number of AI algorithms to further extend our original digital capabilities based on space operations and combine them with intelligence to maximize man-machine efficiency. In the future, we plan to launch various robots in the field of property management. Through external empowerment with management digitization and service digitization, digitalization will become a new engine for our future growth and management improvement.

Focus on “big property management” and “big community services”, build a vertical professional service value chain

With the development from the 1.0 property management era to the 4.0 property value era, CG Services is paying more attention to vertical business areas and entering more professional and technical service fields. We have established strong presence in professional vertical areas including public city services, community media, real estate brokerage services, commercial operational services, community insurance, professional pest control and elimination, and elevator maintenance. We will build a vertical professional service value chain, continue to strengthen our core competitiveness in the industry, consolidate and build more complete professional capabilities, deeply integrate and coordinate resources, and strive to promote professional services in a wider market.

CG Services will continue to focus on the business portfolio strategy of “big property management” and “big community services” to explore new services, develop new technologies, build a new ecosystem and create new value, and strengthen four core capabilities including service capability, technical capability, channel capability and investing capability. We will create larger room for development through cooperation, mergers and acquisitions and self-growth, build brands trusted by property owners and customers, and continue to promote the realization of the corporate vision of the Group of becoming a “leading international new property service group”.

As at the date of this report, the variants of COVID-19 continue to spread around the world, and all countries are actively taking various countermeasures to restore economy to normal. During the Period, the Group recorded a strong performance and had taken a series of epidemic prevention measures to ensure the health and safety of our employees, customers, communities and other stakeholders. However, in view of the risks posed by the volatile COVID-19 pandemic, changes in economic policies in the PRC, geopolitical situations and other uncertainties, the Group will continue to operate prudently and adjust our business strategy in time to better cope with risks and promote the sustainable development of the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from (i) property management services, (ii) community value-added services, (iii) value-added services to non-property owners, (iv) "Three Supplies and Property Management" businesses, (v) city services, and (vi) commercial operational services. For the six months ended 30 June 2021, the total revenue increased by approximately 84.3% to approximately RMB11,559.8 million from approximately RMB6,271.3 million for the six months ended 30 June 2020.

(1) Property management services

During the Period, the revenue from property management services increased by approximately 30.5% to approximately RMB5,172.3 million from approximately RMB3,962.0 million for the six months ended 30 June 2020, accounting for approximately 44.7% of the total revenue (for the same period in 2020: approximately 63.2%).

The table below sets out the breakdown of (i) our revenue-bearing GFA (excluding the revenue-bearing GFA of Justbon Services which had been consolidated but had not generated consolidated revenue as at 30 June 2021), and (ii) our revenue generated from the management of properties as at the dates or for the periods indicated:

	For the six months ended/ At 30 June 2021				For the six months ended/ At 30 June 2020			
	Revenue (RMB'000)	(%)	Revenue- bearing GFA ('000 sq.m.)	(%)	Revenue (RMB'000)	(%)	Revenue- bearing GFA ('000 sq.m.)	(%)
Properties developed by the CGH Group (Note 1)	3,615,443	69.9	303,401	70.7	2,883,220	72.8	233,535	73.1
Properties developed by independent third-party property developers	1,556,859	30.1	125,710	29.3	1,078,786	27.2	85,915	26.9
Total	5,172,302	100.0	429,111	100.0	3,962,006	100.0	319,450	100.0

Note 1: Properties developed by Country Garden Holdings Company Limited ("CG Holdings" or "CGH") and its subsidiaries, joint ventures and associates independently or jointly with other parties.

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The revenue-bearing GFA increased by approximately 109.6 million sq.m. from approximately 319.5 million sq.m. for the same period in 2020 to approximately 429.1 million sq.m.; among which, the revenue-bearing GFA from management of properties developed by independent third-party property developers increased by approximately 46.3%, and its percentage of the total revenue-bearing GFA increased by 2.4 percentage points from approximately 26.9% for the same period in 2020 to approximately 29.3%, mainly because the Group has established a sound intelligent technology service system to improve the quality of our first-line services and help property owners improve their satisfaction. We also have continued to actively carry out market and business expansion and upgrade brand effect, and increased the percentage of the properties developed by independent third-party property developers to our reserved GFA growth, in order to lay a foundation for the future vertical and diversified development of our property management services businesses.

(2) Community value-added services

During the Period, the revenue from community value-added services increased by approximately 132.0% to approximately RMB1,398.3 million from approximately RMB602.6 million for the six months ended 30 June 2020, accounting for approximately 12.1% of the total revenue (for the same period in 2020: approximately 9.6%).

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

- (a) During the Period, the revenue from home services increased by approximately 45.9% to approximately RMB166.2 million from approximately RMB113.9 million for the six months ended 30 June 2020.
- (b) During the Period, the revenue from home decoration services increased by approximately 71.8% to approximately RMB212.2 million from approximately RMB123.5 million for the six months ended 30 June 2020.
- (c) During the Period, the revenue from community media services increased by approximately 551.7% to approximately RMB423.6 million from approximately RMB65.0 million for the six months ended 30 June 2020.
- (d) During the Period, the revenue from local life services increased by approximately 120.8% to approximately RMB381.1 million from approximately RMB172.6 million for the six months ended 30 June 2020.
- (e) During the Period, the revenue from real estate brokerage services increased by approximately 84.3% to approximately RMB118.5 million from approximately RMB64.3 million for the six months ended 30 June 2020.
- (f) During the Period, the revenue from community area services increased by approximately 52.8% to approximately RMB96.7 million from approximately RMB63.3 million for the six months ended 30 June 2020.

The Group has always closely focused on the needs of property owners and communities and constantly takes “Serve your better life” as our brand mission. We deeply explored the individual needs of customers to provide accurate professional services in order to meet the growing needs of property owners for a better life. We also expanded the application scenarios of our services and gradually realized a diversified upgrade from home-based services to community-based services in order to continue to create new value for property owners. In addition, City Media, a subsidiary acquired in the second half of 2020 and engaged in building elevator media business, expanded the community information experience and channels for property owners and built multi-media modern communities, leading to the significant increase in our revenue from community media services.

(3) Value-added services to non-property owners

During the Period, the revenue from value-added services to non-property owners increased by approximately 56.9% to approximately RMB1,058.3 million from approximately RMB674.4 million for the six months ended 30 June 2020, accounting for approximately 9.2% of the total revenue (for the same period in 2020: approximately 10.8%).

The increase in the revenue from value-added services to non-property owners was mainly due to the increase in the revenue from the agency sales for parking space and unsold properties, and that we promoted full-cycle property services of the house and expanded our pre-delivery services offering.

(4) Three Supplies and Property Management Businesses

During the Period, the revenue from the “Three Supplies and Property Management” businesses currently included the revenue arising from property management and other related services and heat supply services.

Among which, the revenue from property management and other related services increased from approximately RMB266.2 million for the six months ended 30 June 2020 to approximately RMB924.3 million, and the revenue-bearing GFA of the property management services was approximately 85.2 million sq.m. as at 30 June 2021.

The revenue from heat supply services increased from approximately RMB656.9 million for the six months ended 30 June 2020 to approximately RMB659.6 million, and the revenue-bearing GFA of the heat supply services was approximately 42.3 million sq.m. as at 30 June 2021.

The increase in the revenue from the “Three Supplies and Property Management” businesses was mainly because we continued to promote services to property owners and optimized infrastructure construction and have established a sound management service mechanism. We also focused on providing diversified community value-added services, which made the “Three Supplies and Property Management” businesses more comprehensive, agreeable and energetic and improved the sense of gain of property owners.

(5) City Services

During the Period, the revenue from city services increased from approximately RMB37.3 million for the six months ended 30 June 2020 to approximately RMB2,095.0 million, representing an increase of approximately 5,516.6% and accounting for approximately 18.1% of total revenue (for the same period in 2020: approximately 0.6%).

The increase in the revenue from city services was mainly due to the significant business growth arising from the acquisition of Manguo and Dongfei in the second half of 2020. The Group adheres to the development concept of “From serving the city to operating the city” and is reconstructing a new city service system. Through strategic initiatives such as “City Governance Think Tank Alliance”, “City Service Ecology Alliance” and “City Service Partner Programme”, we strive to promote the development of a new city service ecosystem and facilitate the expansion of our city services.

(6) Commercial Operational Services

During the Period, commercial operational services recorded revenue of approximately RMB140.0 million.

The Company entered into property lease and commercial management services framework agreements with CG Holdings to lease commercial properties from and provide commercial management services to CG Holdings and its subsidiaries and their 30%-controlled companies, (the “**CGH Group**”) respectively. They have improved the Group’s whole value chain operation service level, generated great synergies, broadened the source of revenue, and thereby generated stable income, increased total revenue and enhanced profitability of the Group.

Costs

The Group’s costs include (i) staff cost, (ii) cleaning cost, (iii) heat supply cost, (iv) maintenance cost, (v) utilities, (vi) greening and gardening cost, (vii) security expenses, (viii) cost of goods sold, (ix) transportation cost, (x) office and communication cost, (xi) taxes and surcharges, (xii) employee uniform expenses, (xiii) depreciation and amortisation charges, (xiv) community activities cost, (xv) travelling and entertainment cost, (xvi) construction costs for contractual service concession arrangements, and (xvii) others. During the Period, the costs were approximately RMB7,700.1 million, representing an increase of approximately 95.5% as compared to approximately RMB3,938.7 million for the six months ended 30 June 2020. The increase in costs was mainly due to the continuous expansion of the revenue-bearing GFA of the Group and business diversification, resulting in an increase of various costs, as well as the increase in construction costs for contractual service concession arrangements.

Gross Profit and Gross Profit Margin

During the Period, the overall gross profit increased by approximately RMB1,527.2 million to approximately RMB3,859.7 million from approximately RMB2,332.5 million for the six months ended 30 June 2020, representing an increase of approximately 65.5%.

During the Period, the overall gross profit margin decreased by 3.8 percentage points to approximately 33.4% from approximately 37.2% for the six months ended 30 June 2020, and the overall gross profit margin decreased mainly due to the decrease in the gross profit margin of property management services and the increase in the percentage contribution of city services which has a relatively low gross profit margin.

(i) Property management services

During the Period, the gross profit margin of property management services decreased by 4.6 percentage points to approximately 33.6% from approximately 38.2% for the six months ended 30 June 2020.

The decrease in the gross profit margin of property management services was mainly because (i) the State Council and the Ministry of Human Resources and Social Security reduced or exempted social security contributions by enterprises last year due to the COVID-19 outbreak, while such policy on exemption and reduction was cancelled by the government during the Period; and (ii) we continued to upgrade infrastructure, increased investment in intelligent upgrading of facilities, and promoted the development of facilities and equipment in a more advanced, complete, diversified, comprehensive and systematic direction, so as to upgrade the security and continuity for property owners to live in peace and help improve property owners' sense of high-quality services.

(ii) Community value-added services

During the Period, the gross profit margin of community value-added services increased by 0.3 percentage points to approximately 66.2% from approximately 65.9% for the six months ended 30 June 2020. The gross profit margin of community value-added services remained stable. The Group deeply explored community consumption scenes, strengthened the construction of community culture, and optimized diversified life service experience. We carried out activities including "Themed Activity", "Goods Market", "Convenience Services" and "Life Service Communication", which improved the loyalty of property owners and enhanced their awareness of and consumption habits for community services.

(iii) Value-added services to non-property owners

During the Period, the gross profit margin of value-added services to non-property owners increased by 4.1 percentage points to approximately 50.4% from approximately 46.3% for the six months ended 30 June 2020.

The increase in the gross profit margin of value-added services to non-property owners was mainly due to the increase in the sales and leasing agency services of unsold parking spaces and properties which has a relatively high gross profit margin.

(iv) Three Supplies and Property Management Businesses

During the Period, for the "Three Supplies and Property Management" businesses, the gross profit margin of property management and other related services increased from approximately 6.1% for the six months ended 30 June 2020 to approximately 9.4%, representing an increase of 3.3 percentage points. The increase in the property management other related services under the "Three Supplies and Property Management" businesses was mainly due to the optimization of business structure, consolidation and saving of resources and selective introduction of community value-added services, which had the positive effect of lowering cost and improving efficiency.

During the Period, for the “Three Supplies and Property Management” businesses, the gross profit margin of heat supply services increased from approximately 5.4% for the six months ended 30 June 2020 to approximately 5.9%, representing an increase of 0.5 percentage points. The gross profit margin of heat supply services remained stable.

(v) City Services

During the Period, the gross profit margin of the city services decreased from approximately 23.1% for the six months ended 30 June 2020 to approximately 19.3%, representing a decrease of 3.8 percentage points.

The decrease in the gross profit margin of city services was mainly due to the acquisition of Manguo and Dongfei, which had relatively low gross profit margins, in October 2020, and that the government policy for the reduction and exemption of social security contributions of enterprises was cancelled during the Period.

(vi) Commercial Operational Services

During the Period, the gross profit margin of the commercial operational services was approximately 56.1%. On the basis of our professional property management services and the economies of scale of our existing projects, the Group gathered scattered operating units and various business forms, adopted an unified intelligent technology information platform to integrate resources and connect the links of sales, investment promotion, operation and management, in order to build a multi-party business value chain and create service offering with long-term development potential. Such business has generated strong management synergies with the existing businesses of the Group.

Selling and Marketing Expenses

During the Period, selling and marketing expenses were approximately RMB104.5 million, representing an increase of approximately 122.8% as compared with approximately RMB46.9 million for the six months ended 30 June 2020.

The increase in selling and marketing expenses was mainly due to the increase in the market development expenses required for the diversified business development, business merger and acquisition, community value-added services and city services segments of the Group.

General and Administrative Expenses

During the Period, general and administrative expenses were approximately RMB1,224.0 million, representing an increase of approximately 89.4% as compared with approximately RMB646.4 million for the six months ended 30 June 2020.

The increase in general and administrative expenses was mainly due to the expansion of the Group’s business scale with the increase in its total revenue-bearing GFA, and share-based payment expenses arising from the share option scheme newly adopted in September 2020. Share-based payment expenses increased to approximately RMB107.7 million compared to approximately RMB3.4 million for the same period in 2020. The percentage of general and administrative expenses increased by 0.3 percentage points from 10.3% for the same period in 2020 to approximately 10.6%. Excluding the aforesaid share-based payment expense factor, the percentage of general and administrative expenses would decrease by 0.6 percentage points to approximately 9.7% compared to approximately 10.3% for the same period in 2020, maintained at a relatively stable level.

Other Income

During the Period, other income was approximately RMB90.6 million, representing an increase of approximately 105.0% as compared with approximately RMB44.2 million for the six months ended 30 June 2020.

The increase in other income was mainly due to an increase in employment, tax refund and other relevant government subsidies received compared to the same period of last year as the Group expanded its business scale.

Other Gains – Net

During the Period, other gains — net were approximately RMB424.8 million, representing an increase of approximately RMB316.1 million as compared with approximately RMB108.7 million for the six months ended 30 June 2020.

The increase in other gains — net was mainly because the realised and unrealised gains on financial assets at fair value through profit or loss and net foreign exchange gains increased by approximately RMB311.6 million as compared with the same period last year.

Finance (Costs)/Income – Net

During the Period, finance (costs)/income — net was approximately RMB(16.3) million, representing a decrease of RMB67.3 million compared with approximately RMB51.0 million for the six months ended 30 June 2020.

The decrease in finance (costs)/income — net was mainly due to the borrowing costs on the convertible bonds issued during the Period.

Income Tax Expense

During the Period, income tax expense was approximately RMB774.3 million, representing an increase of approximately 61.8% compared to approximately RMB478.5 million for the six months ended 30 June 2020.

The increase in income tax expense was mainly due to the increase in total profit before tax of the Group for the six months ended 30 June 2021.

Profit for the Period

During the Period, the net profit of the Group was approximately RMB2,226.2 million, representing an increase of approximately 66.7% compared to approximately RMB1,335.2 million for the six months ended 30 June 2020.

During the Period, the profit attributable to the owners of the Company increased from approximately RMB1,314.8 million for the six months ended 30 June 2020 to approximately RMB2,113.0 million, representing an increase of approximately 60.7%.

During the Period, the profit attributable to the non-controlling interests of the Company increased by approximately 454.9% from approximately RMB20.4 million for the six months ended 30 June 2020 to approximately RMB113.2 million.

Intangible Assets

The intangible assets of the Group mainly comprise goodwill arising from equity acquisitions, property management contracts and customer relationships, software assets, insurance brokerage license, brands and concession intangible assets.

As at 30 June 2021, the intangible assets of the Group were approximately RMB13,131.0 million, representing an increase of approximately RMB6,954.7 million compared to approximately RMB6,176.3 million as at 31 December 2020, which was mainly due to several equity acquisitions completed by the Group during the Period, resulting in goodwill of approximately RMB5,009.7 million, property management contracts and customer relationships of approximately RMB688.2 million, brands of approximately RMB1,319.9 million. Besides, the amortization of property management contracts and customer relationships, insurance brokerage license, brands and concession intangible assets arising from the acquisitions during the Period was approximately RMB151.5 million.

Financial Assets at Fair Value through Other Comprehensive Income

Financial assets at fair value through other comprehensive income included equity investments in certain entities.

As at 30 June 2021, the balance of financial assets at fair value through other comprehensive income of the Group was approximately RMB914.4 million, representing an increase of approximately RMB904.4 million compared to approximately RMB10.0 million as at 31 December 2020. It was mainly due to the strategic investments made by the Group in certain entities including Changcheng Property Group Co., Ltd.* (長城物業集團股份有限公司) and UNQ Holdings Limited during the Period, in order to improve the return rate of future capital use, as well as to enable the Group to achieve coordinated business development in terms of revenue, scale and corporate brand or conduct further capital cooperation with the relevant entities.

Trade and Other Receivables

Trade and other receivables include trade receivables, other receivables, prepayments to suppliers and prepaid taxation.

As at 30 June 2021, the Group recorded net trade receivables of approximately RMB6,611.2 million, representing an increase of approximately RMB2,374.8 million compared to approximately RMB4,236.4 million as at 31 December 2020, mainly due to the significant increase in the total revenue of the Group and the increase in receivables arising from newly acquired companies.

The net other receivables increased by approximately 198.2% from approximately RMB614.3 million as at 31 December 2020 to approximately RMB1,832.0 million as at 30 June 2021, mainly due to the fact the Group commenced the provision of equity-secured loans to third parties during the Period, as well as the increase in other receivables arising from the newly acquired companies.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include wealth management products, investments in a listed entity and investments in a closed-end fund.

As at 30 June 2021, the balance of financial assets at fair value through profit or loss of the Group amounted to approximately RMB3,023.2 million, representing an increase of approximately RMB457.1 million as compared with approximately RMB2,566.1 million at 31 December 2020. Such increase was mainly due to the Group's purchase of new wealth management products to increase the returns on its idle fund, as well as the increase in the fair value of investments in a closed-end fund.

Contract Liabilities

The contract liabilities mainly arose from the advance payments made by customers for the underlying services such as property management services and community value-added services, which are yet to be provided.

The contract liabilities increased from approximately RMB2,581.9 million as at 31 December 2020 to approximately RMB3,076.9 million as at 30 June 2021, representing an increase of approximately RMB495.0 million, mainly due to the increase in the advance payments for property management services as a result of the increase in the revenue-bearing GFA.

Trade and Other Payables

Trade and other payables include trade payables, other payables, dividend payables, payroll payables and other taxes payable.

Trade payables primarily represent payables for goods or services that have been acquired in the ordinary course of business from suppliers, including purchase of materials and utilities as well as purchase from sub-contractors.

* for identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

As 30 June 2021, trade payables of the Group were approximately RMB2,665.6 million, representing an increase of approximately RMB492.5 million compared to approximately RMB2,173.1 million as at 31 December 2020, primarily due to the Group's business expansion resulting in an increase in material procurement costs, labor outsourcing costs and utility fees.

Other payables primarily include (i) deposits from property owners in relation to interior decorations; (ii) temporary receipts from property owners (mainly consisting of utilities fees collected from property owners and income generated from common area value-added services that belongs to property owners); (iii) outstanding considerations payable for business combinations; (iv) payables for transaction costs in relation to the issue of convertible bonds; and (v) accruals and others (mainly in relation to withholding funds for utilities and advance).

Other payables increased from approximately RMB3,549.3 million as at 31 December 2020 to approximately RMB5,354.7 million as at 30 June 2021, primarily due to (i) the increase in deposits from property owners for interior decorations and the income generated from community area services that belong to property owners; and (ii) the increase in the outstanding consideration payable for business combinations during the Period.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, repay debt, or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total interest bearing debt less cash and cash equivalents.

On 20 May 2020, Best Path Global Limited, a wholly-owned subsidiary of the Company, issued non-interest-bearing convertible bonds in a principal amount of HKD3,875.0 million, all of which were converted into shares during the Period. In addition, non-interest-bearing convertible bonds in the aggregate principal amount of HKD5,038.0 million were issued by Best Path Global Limited on 3 June 2021. There was no conversion or repayment during the Period. As at 30 June 2021, the balance of the convertible bonds was approximately RMB4,072 million. For details, please refer to note 28.

As at 30 June 2021, the bank and other borrowings of the Group amounted to approximately RMB660.2 million (as at 31 December 2020: approximately RMB609.4 million). For details, please refer to note 29.

As at 31 December 2020 and 30 June 2021, the gearing ratio of the Group was maintained at net cash position.

Liquidity, Financial and Capital Resources

As at 30 June 2021, total bank deposits and cash (including restricted bank deposits) of the Group were approximately RMB21,938.0 million, representing an increase of approximately RMB6,596.5 million as compared with approximately RMB15,341.5 million as at 31 December 2020. Total bank deposits and cash were denominated in the following currencies:

	30 June 2021		31 December 2020	
	(RMB'000)	(%)	(RMB'000)	(%)
RMB	6,813,748	31.0	6,492,134	42.3
HKD	15,061,914	68.7	8,799,390	57.4
Other currencies	62,306	0.3	49,971	0.3
	21,937,968	100.0	15,341,495	100.0

Among which the increase in the percentage of the amounts denominated in HKD was mainly due to the issuance of the HKD-settled convertible bonds and the placing of new shares during the Period, with net proceeds of approximately HKD5,002.8 million and HKD10,424.1 million, respectively.

Out of the total bank deposits and cash of the Group, restricted bank deposits of approximately RMB170.2 million (as at 31 December 2020: approximately RMB126.3 million) mainly represented the cash deposits in bank as performance security for property management services according to the requirements of the local government authorities and the deposits made as performance security for business contracts of subsidiaries Manguo and Dongfei.

As at 30 June 2021, the net current assets of the Group were approximately RMB15,808.9 million (31 December 2020: approximately RMB9,055.2 million). The current ratio (current assets/current liabilities) of the Group was 1.8 times (31 December 2020: 1.4 times).

Key Risk Factors and Uncertainties

The following content lists out the key risks and uncertainties confronted by the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

Industry Risk

The Group's operations are subject to the regulatory environment and measures affecting the property management industry in the PRC. In particular, the fees that property management companies may charge for property management services are subject to regulation and supervision by relevant regulatory authorities. The Group's business performance primarily depends on the total contracted and revenue-bearing GFA and the number of properties the Group manages, but the Group's business growth is, and will likely continue to be, affected by the PRC government regulations relating to the industries in which the Group operates.

Business Risk

The Group's ability to maintain or improve the Group's current level of profitability depends on the Group's ability to control operating costs (particularly labour costs) and the Group's profit margins and results of operations may be materially and adversely affected by the increase in labour or other operating costs; The Group may not procure new property management service contracts as planned or at desirable pace or price; The Group may not be able to collect property management fees from customers and as a result, may incur impairment losses on receivables; Termination or non-renewal of the Group's property management services for a significant number of properties could have a material adverse effect on business, financial position and results of operations.

Foreign Exchange Risk

The Group's businesses were principally located in the PRC. Except for bank deposits and trade receivables denominated in foreign currencies, the Group was not subject to any other material risk directly relating to foreign exchange fluctuations. The management will continue to monitor the foreign exchange exposure, take prudent measures and develop hedging strategy as appropriate to reduce foreign exchange risks.

Employees and Remuneration Policies

As at 30 June 2021, the Group had 179,291 employees (31 December 2020: 153,585 employees). During the Period, the total staff costs were approximately RMB4,164.2 million.

▶▶ MANAGEMENT DISCUSSION AND ANALYSIS

The remuneration package of the employees includes salary, bonus and other cash subsidies. Employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions in accordance with the policy of the Group on compensation and welfare.

The Group is subject to social insurance contribution plans or other pension schemes prescribed by the local governments and is required to pay on behalf of its employees, a monthly social insurance funds covering pension fund, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance, and the housing provident fund, or to contribute regularly to other mandatory provident fund schemes on behalf of its employees.

The Group has also adopted two share options schemes, being the Share Option Scheme adopted in 2020 and the Pre-Listing Share Option Scheme. Under the Share Option Scheme adopted in 2020, the Group granted a total of 1,600,000 share options, subject to multiple terms, to selected grantees, and 27,640,000 shares were vested during the Period. Under the Pre-Listing Share Option Scheme 39,884,400 shares were vested during the Period.

Employee Training and Development

The training was carried out by combining online and offline training to meet the needs of employees in different learning scenarios. For online training, through a training map, we offered courses covering posts ranging from general employees to senior management, and met the learning needs for different time and space via mobile learning platform, video conference and other tools. For offline training, we quickly trained various talents meeting needs of the business development of the Company through the post experience map.

In the first half of 2021, the Company organized online and offline training on various subjects, with approximately 500,000 participants and tens of thousands of training hours in total. Such measures ensured the general employees' ability to perform their duties and increased the management level of management cadres at all levels, thus provided timely and effective support for the Company's business development.

Charge on Assets

As at 30 June 2021, as Manguo and Dongfei, both subsidiaries of the Group, carried out borrowing and sale and leaseback financing loan business with banks and financial leasing companies to meet the operational needs of certain city service projects, they had mainly secured by several city service projects, certain equipment and trade receivables.

Contingent Liabilities

As at 30 June 2021, the Group did not have any material contingent liabilities.

Material Acquisitions, Disposal and Significant Investments

During the Period, save for those disclosed in the section headed "Major Events During the Period — Acquisition of Justbon Services", the Group had no other material acquisitions or disposals.

During the six months ended 30 June 2021, the Group had made no individually significant investments.

INTERIM DIVIDENDS

The final dividend in respect of 2020 of RMB21.87 cents (equivalent to HKD26.58 cents) per share, totalling RMB703,069,000, was approved at the annual general meeting held on 28 May 2021 and paid partly in new shares of the Company and partly in cash in August 2021. The number of ordinary shares settled and issued as scrip dividends was 394,682 and the total amount of dividend paid as scrip dividends was RMB25,778,000 while cash dividend amounted to RMB677,291,000.

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

MAJOR EVENTS DURING THE PERIOD

Acquisition of Justbon Services

On 22 March 2021 (after trading hours), Country Garden Property Services HK Holdings Company Limited (the “**Offeror**”, an indirect wholly-owned subsidiary of the Company), Sichuan Languang Hejun Industries Co., Ltd.* (四川藍光和駿實業有限公司) Ningbo Jiaqian Corporate Management Partnership (Limited Partnership)* (寧波嘉乾企業管理合夥企業(有限合夥)) and Chengdu Jiayu Enterprise Management Center (Limited Partnership)* (成都嘉裕企業管理中心(有限合夥)) entered into certain agreements in relation to the acquisition of a total of 750,000 domestic shares and 126,011,860 H shares in Justbon Services (the “**Target Shares**”) at an aggregate cash consideration of RMB5,432,323,192.00 (equivalent to HK\$6,472,059,560.39). Under the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong, the Offeror shall make unconditional mandatory cash offers for all the issued shares of Justbon Services (other than those then already owned by or agreed to be acquired by the Offeror and parties acting in concert with it). In addition, the Offeror intends to delist Justbon Services from The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

During the Period, the Offeror made unconditional mandatory cash offers for all the issued H shares and domestic shares of Justbon Services (other than those then already owned by or agreed to be acquired by the Offeror and parties acting in concert with it at the time when the offers were made) (the “**Offers**”). As at 30 June 2021, the Group held an aggregate of 750,000 domestic shares and 167,773,420 H shares of Justbon Services, representing approximately 94.62% of the then issued shares of Justbon Services.

Immediately after the close of the Offers on 12 August 2021, the Offeror and parties acting in concert with it were interested in 176,467,798 H shares of Justbon Services, representing approximately 99.71% and 99.08% of the then issued H shares and issued shares of Justbon Services, respectively. The Offeror and parties acting in concert with it were interested in 1,116,800 domestic shares of Justbon Services, representing approximately 99.75% and 0.63% of the then issued domestic shares and issued shares of Justbon Services, respectively.

The resolution for approving the delisting of H shares of Justbon Services from the Stock Exchange was approved in the general meeting and the H share class meeting of Justbon Services held on 17 June 2021, and the Delisting Acceptance Condition was satisfied on 15 July 2021. Listing of the H shares of Justbon Services on the Stock Exchange was voluntarily withdrawn at 4:00 p.m. on 19 August 2021.

Please refer to (i) the announcements of the Company dated 25 February 2021, 11 March 2021, 22 March 2021, 12 April 2021, 13 April 2021, 15 April 2021, 16 April 2021, 19 April 2021, 30 April 2021, 3 May 2021, 18 May 2021, 17 June 2021, 2 July 2021, 15 July 2021 and 12 August 2021; and (ii) the composite document dated 3 May 2021 for further details.

* for identification purpose only

Continuing Connected Transactions – Property Lease and Business Management Services; and Connected Transactions – Equity Acquisitions

On 13 April 2021 (after trading hours), the Company and CG Holdings entered into: (1) the Property Lease Framework Agreement, which sets out the principal terms for the lease of properties by the CGH Group (as lessor) to the Group (as lessee), for a term from 13 April 2021 until 31 December 2023; the total amount of the right-of-use assets under the Property Lease Framework Agreement for each of the three years ending 31 December 2023 shall not exceed RMB1.5 billion, RMB1.4 billion and RMB700 million, respectively; (2) the Business Management Service Framework Agreement, which sets out the principal terms for the provision of business management services by the Group to the CGH Group, for a term from 13 April 2021 until 31 December 2023; the proposed annual caps under the Business Management Service Framework Agreement for each of the three years ending 31 December 2023 are RMB420 million, RMB450 million and RMB480 million, respectively.

On 13 April 2021 (after trading hours), subsidiaries of the Company entered into certain equity transfer agreements with subsidiaries of CG Holdings in relation to the acquisitions of four commercial management business companies at a total consideration of RMB20 million.

The entering into of the aforesaid agreements and such acquisitions will help improve the Group's whole value chain operation service level, further improve our business scale and scope, and generate great synergies. They will also broaden the Group's source of revenue, generate stable income and cash flows, increase total revenue, and enhance profitability and market influence and competitiveness of the Group, which is in line with the strategic development needs of the Group. For details, please refer to the announcement of the Company dated 13 April 2021.

EQUITY FUND-RAISING ACTIVITIES AND USES OF PROCEEDS

Placing New Shares Under the General Mandate in December 2020

On 11 December 2020, the Company and China International Capital Corporation Hong Kong Securities Limited (“**CICC**”), J.P. Morgan Securities Plc and UBS AG Hong Kong Branch (“**UBS**”) (collectively, the “**Placing Agents**”), entered into a placing agreement (the “**2020 Placing and Subscription Agreement**”), pursuant to which the Company conditionally agreed to appoint the Placing Agents, and the Placing Agents, on a several (not joint nor joint and several) basis, conditionally agreed to act as agents for the Company, and to procure, on a fully underwritten basis, placees (not less than six placees, who/which would be professional, institutional and/or other investors) to subscribe for (or failing which, to purchase themselves as principals) an aggregate of 173,000,000 shares of the Company (the “**Share(s)**”) at a price of HK\$45.00 per Share (the “**Placing Share(s)**”). In accordance with the 2020 Placing and Subscription Agreement, the Placing Agents have procured the placing of the Placing Shares to no less than six placees, who/which would be professional, institutional and/or other investors. The Placing Shares have a nominal value of US\$17,300 and a market value of HK\$8,598,100,000, based on the closing price of HK\$49.70 per Share on the last full trading day prior to the date of the 2020 Placing and Subscription Agreement. The net price per Placing Share was estimated to be approximately HK\$44.77. On 18 December 2020, the Company issued 173,000,000 Shares at a subscription price of HK\$45.00 per Share and completed the placing of existing Shares and the allotment and issue of the subscription shares under the general mandate, with net proceeds of approximately HK\$7,745 million.

The Directors consider that the placing represents an opportunity to raise capital for the Company while broadening its shareholder and capital base. The Directors are of the view that the placing will strengthen the financial position and liquidity of the Group and provide funding to the Group for working capital and future development purposes without incurring interest costs.

Placing New Shares Under the General Mandate in May 2021

On 24 May 2021, the Company and UBS, CICC and Morgan Stanley & Co. International plc (“**Morgan Stanley**”) (together, the “**2021 Placing Agents**”) entered into a placing agreement (the “**2021 Placing Agreement**”), pursuant to which the Company conditionally agreed to appoint the 2021 Placing Agents, and the 2021 Placing Agents, on a several (not joint nor joint and several) basis, conditionally agreed to act as placing agents for the Company, and to procure, on a fully underwritten basis, placees to subscribe for (or failing which, to purchase themselves as principals) an aggregate of 139,380,000 shares (the “**2021 Placing Shares**”) at a price of HK\$75.25 per Share (the “**Placing**”). In accordance with the 2021 Placing Agreement, the 2021 Placing Agents will procure the placing of the 2021 Placing Shares to no less than six placees, who/which would be professional, institutional and/or other investors. The gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing were approximately HK\$10,488.3 million and approximately HK\$10,424.1 million, respectively. The net price per 2021 Placing Share was approximately HK\$74.79. The conditions precedent to the Placing have been satisfied. On 1 June 2021, the Company issued 139,380,000 Shares at a subscription price of HK\$75.25 per share under the general mandate granted to the Directors to issue up to 550,707,960 Shares at the annual general meeting of the Company held on 16 June 2020 (the “**General Mandate**”).

The Company intends to use the net proceeds from the Placing for investments in potential future merger and acquisition projects relating to the principal activities of the Group, expansion in respect of new businesses including commercial management services, asset management services and life services, working capital and general corporate purposes.

The Directors consider that the Placing represents an opportunity to raise capital for the Company while broadening its shareholder and capital base, and that the Placing will strengthen the financial position and liquidity of the Group and provide funding to the Group for working capital and future development purposes without incurring interest costs.

Issue of Convertible Bonds under the General Mandate

On 24 May 2021, the Company, Best Path Global Limited (the “**Issuer**”, a wholly-owned subsidiary of the Company), UBS, CICC and Morgan Stanley as the Managers (the “**Managers**”) entered into an agreement in relation to the issue of bonds (the “**Agreement**”), pursuant to which the Managers, severally and not jointly, agreed to subscribe for, or to procure subscribers to subscribe for, the convertible bonds to be issued by the Issuer (the “**Bonds**”) in the aggregate principal amount of HK\$5,038 million. The Bonds are interest-free, unsecured and unconditionally and irrevocably guaranteed by the Company.

Based on an initial conversion price of HK\$97.83 per Share and assuming full conversion of the Bonds at the initial conversion price, the Bonds will be convertible into 51,497,495 Shares, representing approximately 1.68% of the then issued share capital of the Company and approximately 1.65% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Bonds. Shares which may fall to be allotted and issued upon the conversion of the Bonds (the “**Conversion Shares**”) will be issued under the General Mandate. The Conversion Shares have a nominal value of US\$0.0001 each and a market value of approximately HK\$4,122 million based on the closing price of the Shares of HK\$80.05 per Share on 24 May 2021.

The conditions precedent set out in the Agreement have been satisfied. The gross proceeds from the issue of the Bonds are HK\$5,038 million, and the net proceeds (after deducting the relevant expenses and professional fees) are approximately HK\$5,002.8 million. The net price per Conversion Share is approximately HK\$97.15. The Company intends to use the net proceeds for investments in potential future merger and acquisition projects relating to the principal activities of the Group, expansion in respect of new businesses including commercial management services, asset management services and life services, working capital and general corporate purposes. The Listing Committee of the Stock Exchange has approved the listing of and dealing in the Conversion Shares and the Bonds have been listed and quoted on the Singapore Exchange Limited (“**SGX**”), and its offering circular is available on the website of the SGX.

▶▶ MANAGEMENT DISCUSSION AND ANALYSIS

The net proceeds from the issue of the Bonds will provide further sufficient support and flexibility for the Group's business to grow rapidly and the achievement of the corporate vision of "building a world-leading new property service group".

The actual or proposed uses of the proceeds from the above equity fund-raising activities are in line with the plan disclosed by the Company, and details of the proposed and actual uses of the proceeds are as follows:

Date of announcement	Fund-raising activity	Net proceeds	Proposed use of proceeds	Actual use of proceeds during the Period
11 December 2020 and 18 December 2020	Placing New Shares Under the General Mandate in December 2020	Approximately HK\$7,745 million	Potential future merger and acquisition, strategic investments, working capital and general corporate purposes	As at the date of this report, the Group had fully utilized such placing proceeds of approximately HK\$7,745 million, of which approximately HK\$7,741.99 million had been utilized for mergers and acquisitions and approximately HK\$3.01 million as working capital.
24 May 2021, 25 May 2021 and 1 June 2021	Placing New Shares Under the General Mandate in May 2021	Approximately HK\$10,424.1 million	Investments in potential future merger and acquisition projects relating to the principal activities of the Group, expansion in respect of new businesses including commercial management services, asset management services and life services, working capital and general corporate purposes.	As at the date of this report, the Group has utilized approximately HK\$5,162.24 million in the placing proceeds, of which approximately HK\$5,066.09 million was utilized for mergers and acquisitions, approximately HK\$88.14 million for the expansion of new businesses and approximately HK\$8.01 million as working capital. ^(Note)
24 May 2021, 25 May 2021 and 9 June 2021	Issue of convertible bonds under the General Mandate	Approximately HK\$5,002.8 million	Investments in potential future merger and acquisition projects relating to the principal activities of the Group, expansion in respect of new businesses including commercial management services, asset management services and life services, working capital and general corporate purposes.	As at the date of this report, the Group has not utilized any net proceeds. ^(Note)

Note:

The expected timetable of the utilization of the unutilized net proceeds of the Group will depend on the Group's business development strategy, market conditions and the proposed uses of the above proceeds.

During the Period, save as disclosed above, the Company had not conducted any other equity fund-raising activity.

EVENT SUBSEQUENT TO THE REPORTING PERIOD

Connected Transaction – Equity Acquisition

On 5 August 2021 (after trading hours), Zhuhai Shunhui Commercial Management Co., Ltd.* (珠海順暉商業管理有限公司) (the “**Purchaser**”) (an indirect non-wholly-owned subsidiary of the Company) and Shanghai Xinbi Real Estate Development Co., Ltd.* (上海新碧房地產開發有限公司) (the “**Vendor**”) (an indirect wholly-owned subsidiary of CG Holdings) entered into an equity transfer agreement, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell 100% equity interest in Shanghai Xin Biyuan Commercial Management Co., Ltd.* (上海新碧園商業管理有限公司) (the “**Target Company**”) at a consideration of RMB16.8 million. Upon completion of the acquisition, the Target Company will become a non-wholly-owned subsidiary of the Group, and its results, assets and liabilities will be consolidated into the accounts of the Group. For details, please refer to the announcement of the Company dated 5 August 2021.

* for identification purpose only

▶▶ CORPORATE GOVERNANCE AND OTHER INFORMATION

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. The Company has adopted the code provisions in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance.

During the Period, the Company has complied with all applicable code provisions set out in the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors and employees (the “**Securities Dealing Code**”). The Company has made specific enquiry of all Directors as to whether the Directors have complied with the required standard as set out in the Model Code for the six months ended 30 June 2021 and all Directors confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the said period.

No incident of non-compliance was found by the Company for the Period. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with Rule 3.21 of the Listing Rules, where at least one member possesses appropriate professional qualifications in accounting or related financial management expertise in discharging the responsibility of the audit committee. The membership of the audit committee consists of three Independent Non-executive Directors, namely, Mr. Rui Meng, Mr. Mei Wenjue and Mr. Chen Weiru, with Mr. Rui Meng as the chairman of the committee. The primary duties of the audit committee include assisting the Board in providing an independent view of the effectiveness of the Company’s financial reporting process, internal control and risk management system and overseeing the audit process.

The audit committee has reviewed the unaudited interim results and interim report for the Period and the significant accounting policies and standards adopted by the Group. The audit committee has also reviewed the internal control and internal audit report submitted by the management and discussed and made recommendations on related matters. In addition, the independent auditors of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim financial information for the Period in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

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

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

CHANGES OF INFORMATION ON DIRECTORS

Changes in Directors' other major offices which are required to be disclosed under Rule 13.51B(1) of the Listing Rules are set out below.

Mr. Li Changjiang, Executive Director and President

In June 2021, Mr. Li was appointed as an executive director of Justbon Services, a subsidiary of the Company which was previously listed on the Main Board of the Stock Exchange (stock code: 2606) and withdrawn from listing from 4:00 p.m. on 19 August, 2021.

Mr. Guo Zhanjun, Executive Director

In June 2021, Mr. Guo was appointed as a non-executive director of Justbon Services, a subsidiary of the Company which was previously listed on the Main Board of the Stock Exchange (stock code: 2606) and withdrawn from listing from 4:00 p.m. on 19 August, 2021.

Mr. Rui Meng, Independent Non-executive Director

In June 2021, Mr. Rui was appointed as an independent non-executive director of Dexin Services Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2215).

In June 2021, Mr. Rui was appointed as an independent non-executive director of Justbon Services, a subsidiary of the Company which was previously listed on the Main Board of the Stock Exchange (stock code: 2606) and withdrawn from listing from 4:00 p.m. on 19 August, 2021.

In June 2021, Mr. Rui retired as an independent non-executive director of COSCO SHIPPING Energy Transportation Co., Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 1138) and the Shanghai Stock Exchange (stock code: 600026).

In May 2019, Mr. Rui was appointed as an independent non-executive director of JIAYIN GROUP INC., a company listed on the Nasdaq Stock Exchange (stock code: JFIN).

During the six months ended 30 June 2021, save as disclosed above, there is no other information that is required to be disclosed under Rule 13.51B(1) of the Listing Rules.

▶▶ INTERESTS DISCLOSURE

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2021, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), which were required to be entered in the register required to be kept pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in the Shares and underlying shares of the Company

Name of Director	Capacity	Number of Shares held	Number of interests in underlying shares held under equity derivatives	Total	% of total Shares in issue as at 30 June 2021 ⁽⁷⁾	Number of debentures held
Ms. Yang Huiyan	Interest of controlled corporations	1,451,120,428 ⁽¹⁾	—	1,451,120,428	45.00%	—
Ms. Wu Bijun	Beneficial owner	7,389,390 ⁽²⁾	—	7,389,390	0.23%	—
Mr. Li Changjiang (President)	Beneficial owner	5,828,400 ⁽³⁾	6,400,000 ⁽⁶⁾	12,228,400	0.38%	—
Mr. Xiao Hua	Beneficial owner	1,660,237 ⁽⁴⁾	1,520,000 ⁽⁶⁾	3,180,237	0.10%	—
Mr. Guo Zhanjun	Beneficial owner	1,411,200 ⁽⁵⁾	1,200,000 ⁽⁶⁾	2,611,200	0.08%	—
Mr. Yang Zhicheng	Beneficial owner	—	2,400,000 ⁽⁶⁾	2,400,000	0.07%	—

Notes:

- (1) As at 30 June 2021, Concrete Win Limited (“Concrete Win”) and Fortune Warrior Global Limited (“Fortune Warrior”) held 1,326,120,428 Shares and 125,000,000 Shares, respectively. Concrete Win and Fortune Warrior are beneficially wholly-owned by Ms. Yang Huiyan. By virtue of the SFO, Ms. Yang Huiyan is deemed to be interested in the same number of Shares in which Concrete Win and Fortune Warrior were interested.
- (2) These Shares represent 56,190 Shares distributed to Ms. Wu Bijun by virtue of the shares of CGH held by her prior to the spin-off and separate listing of the Shares on the Main Board of the Stock Exchange, 177,000 Shares purchased by Ms. Wu Bijun from the secondary market and 7,156,200 Shares issued to Ms. Wu Bijun upon her exercise of the options granted to her under the Company’s pre-listing share option scheme, which was adopted by the then Shareholders of the Company on 13 March 2018 (the “Pre-Listing Share Option Scheme”).
- (3) These Shares represent 5,828,400 Shares issued to Mr. Li Changjiang upon his exercise of the options granted to him under the Pre-Listing Share Option Scheme.
- (4) These Shares represent 37 Shares distributed to Mr. Xiao Hua by virtue of the shares of CGH held by him prior to the spin-off and separate listing of the Shares on the Main Board of the Stock Exchange and 1,660,200 Shares issued to Mr. Xiao Hua upon his exercise of the options granted to him under the Pre-Listing Share Option Scheme.
- (5) These Shares represent 1,411,200 Shares issued to Mr. Guo Zhanjun upon his exercise of the options granted to him under the Pre-Listing Share Option Scheme.
- (6) The relevant interests are unlisted physically settled options granted pursuant to the Company’s share option scheme, which was adopted by the then Shareholders of the Company on 28 September 2020 (the “Share Option Scheme”). Upon exercise of the share options in accordance with the Share Option Scheme, the Company shall issue the corresponding number of ordinary Shares at HK\$50.07 per Share. The share options are personal to the respective Directors.
- (7) The percentage is calculated based on the total issued Shares of the Company of 3,224,365,221 Shares as at 30 June 2021.

Long positions in the shares of an associated corporation of the Company

Name of Director	Name of associated corporation	Nature of interest	Class of shares	Number of shares held	Approximate % of total class shares in issue of the associated corporation as at 30 June 2021 ⁽²⁾	Approximate % of total shares in issue of the associated corporation as at 30 June 2021 ⁽³⁾
Ms. Yang Huiyan	Sichuan Languang Justbon Services Group Co., Ltd.	Interest of controlled corporations	H shares	167,773,420 ⁽¹⁾	94.80%	94.20%
Ms. Yang Huiyan	Sichuan Languang Justbon Services Group Co., Ltd.	Interest of controlled corporations	Domestic shares	750,000 ⁽¹⁾	66.99%	0.42%

Notes:

- (1) As at 30 June 2021, Country Garden Property Services HK Holdings Company Limited held 168,523,420 shares in issue of Justbon Services, including 167,773,420 H shares and 750,000 domestic shares.
- (2) The percentage is calculated based on the total issued H shares of Justbon Services of 176,982,560 shares as at 30 June 2021 and total issued domestic shares of Justbon Services of 1,119,600 shares as at 30 June 2021, respectively.
- (3) The percentage is calculated based on the total issued shares of Justbon Services of 178,102,160 shares as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, none of the Directors or chief executives of the Company (including their spouses and children under the age of 18) had any interest in, or had been granted any right to subscribe for, the Shares and options of the Company and its associated corporations (within the meaning of the SFO), or had exercised any such rights.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2021, as set out in the register kept under Section 336 of the SFO, the following companies and persons (other than the Directors and chief executives of the Company) had interests in the Shares and underlying shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity	Number of Shares held or interested	Approximate % of total Shares in issue as at 30 June 2021
Concrete Win	Beneficial owner	1,326,120,428	41.13%
Mr. Chen Chong ⁽¹⁾	Interest of spouse	1,451,120,428	45.00%

Note:

- (1) By virtue of the SFO, Mr. Chen Chong is deemed to be interested in the Shares held by his spouse, Ms. Yang Huiyan, whose interests are disclosed in the above section headed "Directors' and Chief Executives' Interests and short positions in Shares, Underlying Shares and debentures of the Company".

Save as disclosed above, as at 30 June 2021, the Company had not been notified of any other person (other than the Directors or chief executives of the Company) who was recorded in the register of the Company as having an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEMES

(a) Pre-Listing Share Option Scheme

On 13 March 2018, the Pre-Listing Share Option Scheme was adopted by the then Shareholders. It was subsequently amended by a resolution passed at the extraordinary general meeting held on 7 November 2019 (for details of the amendment, please refer to the announcement of the Company dated 16 October 2019 and the circular of the Company dated 22 October 2019). A summary of the principal terms of the Pre-Listing Share Option Scheme is set out as follows:

(i) Purpose

The purpose of the Pre-Listing Share Option Scheme is to enable the Company to grant options to eligible participants as incentive or reward for their contribution to the Group.

(ii) Participants

The following persons are eligible to participate in the Pre-Listing Share Option Scheme:

- any full-time employee, executive and senior staff of the Group;
- any director (including non-executive director and independent non-executive director) of the Group;
- any other eligible individual whom the Board or its authorized person considers at its sole discretion has made or will make contribution to the Company.

(iii) Maximum number of Shares available for subscription

The maximum number of Shares which may be issued pursuant to the Pre-Listing Share Option Scheme is 132,948,000 Shares, representing approximately 4.12% of the issued share capital of the Company as at the date of this report and approximately 4.12% of the enlarged issued share capital of the Company as at the date of this report assuming all options granted under the Pre-Listing Share Option Scheme are fully exercised.

(iv) Maximum entitlement to options of each participant

The total number of shares issued and to be issued upon exercise of the options granted to each eligible participant (including both exercised and outstanding options under the Pre-Listing Share Option Scheme) in any 12-month period must not exceed 1% of the issued Shares of the Company.

(v) Exercise period of options

The period during which the grantees may exercise the options under the Pre-Listing Share Option Scheme shall not exceed 5 years from the date of grant.

(vi) Payment on acceptance of option offer

HK\$1.00 is payable by each participant to the Company on acceptance of the option offer as consideration for the grant within 30 days after the option offer is made by the Company.

(vii) Basis for determining the exercise price

The exercise price of HK\$0.94 per Share was determined with reference to the fair value of the Shares as at 31 December 2017 based on a valuation report prepared by an independent valuer appointed by the Company.

(viii) Remaining life of the scheme

The Pre-Listing Share Option Scheme was valid and effective for a period of 180 days from 13 March 2018, after which period no further offer of options would be made, but in all other respects, the provisions of the Pre-Listing Share Option Scheme shall remain in full force and effect and the options which have been granted and remain outstanding shall continue to be valid and exercisable.

On 21 May 2018, share options for 132,948,000 shares with a fair value on the date of grant of approximately HK\$108,375,000 (equivalent to approximately RMB86,667,000) were granted by the Company to 13 employees (including 4 Directors) of the Company and 2 employees of CG Holdings, totalling 15 eligible persons, in accordance with the terms of the Pre-Listing Share Option Scheme.

During the Period, the Company allotted and issued 39,884,400 Shares in connection with the exercise of options by certain eligible grantees, with the weighted average closing price of the Shares on the dates immediately preceding the dates of exercise of 22 March 2021 and 28 May 2021 of HK\$69.66 per Share. Save as disclosed, no outstanding options had been exercised, cancelled or lapsed under the Pre-Listing Share Option Scheme during the reporting period.

During the Period, details of movements in the share options under the Pre-Listing Share Option Scheme are as follows:

Category and name of grantee	Options to subscribe for Shares								
	Outstanding						Exercise		
	as at 1 January 2021	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding as at 30 June 2021	price per Share (HK\$)	Date of grant	Exercise period
Director									
Ms. Wu Bijun	3,889,200	–	3,889,200	–	–	–	0.940	21 May 2018	Vesting date ⁽¹⁾ – 20 May 2023
Mr. Li Changjiang	3,889,200	–	3,889,200	–	–	–	0.940	21 May 2018	Vesting date ⁽¹⁾ – 20 May 2023
Mr. Xiao Hua	1,428,600	–	1,428,600	–	–	–	0.940	21 May 2018	Vesting date ⁽¹⁾ – 20 May 2023
Mr. Guo Zhanjun	1,409,700	–	1,409,700	–	–	–	0.940	21 May 2018	Vesting date ⁽¹⁾ – 20 May 2023
Sub-total of Directors	10,616,700	–	10,616,700	–	–	–			
Employees of the Group	14,217,300	–	11,766,300	–	–	2,451,000	0.940	21 May 2018	Vesting date ⁽¹⁾ – 20 May 2023
Employees of CG Holdings ⁽²⁾	17,501,400	–	17,501,400	–	–	–	0.940	21 May 2018	Vesting date ⁽¹⁾ – 20 May 2023
Sub-total of other participants	31,718,700	–	29,267,700	–	–	2,451,000			
Total	42,335,400	–	39,884,400	–	–	2,451,000			

Notes:

- (1) Subject to the satisfaction of certain vesting conditions, the vesting date shall be the date on which the auditors' report of the Company for the relevant financial year is issued: (a) for the financial year in which the Shares were listed on the Main Board of the Stock Exchange, 40% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees; (b) for the financial year immediately following the Listing Date, 30% of the total number of shares granted pursuant to the share options will be vested to the relevant grantees; and (c) for the second financial year following the Listing Date, 30% of the total number of shares granted pursuant to the share options will be vested to the relevant grantees.
- (2) The rationale for granting the share options to the two employees of CG Holdings, who were at that time responsible for monitoring the property management business of the pre-spin-off Group and providing management advice and support to the Company, was to recognise their contribution to the Group prior to the spin-off from CG Holdings and separate listing of the Company.
- (3) The closing price of the Shares immediately preceding the date of grant of 21 May 2018 is not applicable as the Shares were listed on the Main Board of the Stock Exchange on 19 June 2018.
- (4) The share-based payment expense charged to profit or loss for the Period, was approximately RMB0.38 million (corresponding period in 2020: RMB3.4 million). For details of the relevant accounting policy, please refer to Note 2.23 "Share-based payments" to the consolidated financial statements set out in the 2020 annual report of the Company published on 26 April 2021.

(b) Share Option Scheme

On 28 September 2020, the Share Option Scheme was approved and adopted by the Shareholders, which is for a term of 10 years from the date of its adoption and will expire on 27 September 2030. A summary of the principal terms of the Share Option Scheme is set out as follows:

(i) Purpose

- i. To motivate the eligible participants to work hard for the future development of the Group by providing them with the opportunities for acquiring the Shares of the Company so as to promote the long-term stable development of the Group;
- ii. To provide incentives and/or rewards to eligible participants for their contribution to the Group; and
- iii. To enhance the Group's ability to attract and retain individuals with outstanding skills and extensive experience.

(ii) Eligible participants

- i. any current employee, executive or officer of the Group;
- ii. any Director (including non-executive Director and independent non-executive Director); or
- iii. any advisor, consultant or business partner of any member of the Group whom the Board or its authorized person considers at its sole discretion has made or will make contribution to the Group.

(iii) Maximum number of Shares available for subscription

- a. The maximum number of Shares which may be issued pursuant to the Share Option Scheme will be 82,780,000 Shares, representing approximately 2.56% of the issued share capital of the Company as at the date of this report and approximately 2.51% of the enlarged issued share capital of the Company as at the date of this report assuming all options issuable under the Share Option Scheme are fully exercised.

- b. The maximum number of Shares which may be issued under the share options that may be granted under the Share Option Scheme, the new and other existing share option schemes of the Company shall not exceed 10% of the total number of issued Shares.
- c. The maximum number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of Shares in issue from time to time.

(iv) Maximum entitlement to options of each eligible participant

The total number of Shares issued and to be issued upon exercise of the options granted to each eligible participant (including both exercised and outstanding options under the Share Option Scheme) in any 12-month period must not exceed 1% of the issued Shares of the Company.

(v) Exercise period of options

The period during which the grantees may exercise the options under the Share Option Scheme shall not exceed 5 years from the date of grant and is subject to the terms of the Share Option Scheme.

(vi) Payment on acceptance of option offer

HK\$1.00 is payable by each participant to the Company on acceptance of the option offer as consideration for the grant within 30 days after the option offer is made by the Company.

(vii) Basis for determining the exercise price

The exercise price of the share options shall be determined at the sole discretion of the Board, but in any case at least the highest of the following:

1. the closing price of the Shares on the date of grant (which must be a business day) as stated on the daily quotations sheet of the Stock Exchange;
2. the average closing price of the Shares for the five business days before the date of grant as stated on the daily quotations sheet of the Stock Exchange; and
3. 95% of the average closing price of the Shares for the ten business days before the date of grant as stated on the daily quotations sheet of the Stock Exchange.

(viii) Remaining life of the scheme

The Share Option Scheme will be valid for a period of 10 years from the date of adoption, beyond which no further share options shall be granted. However, the provisions of the Share Option Scheme shall remain in full force and effect in all other respects, and the options granted and not yet exercised shall remain valid and exercisable.

INTERESTS DISCLOSURE

During the Period, the Company allotted and issued 15,071,000 Shares in connection with the exercise of options by certain eligible grantees, with the weighted average closing price of the Shares on the dates immediately preceding the dates of exercise of 26 May, 27 May, 28 May, 31 May, 1 June, 8 June, 9 June, 10 June, 11 June, 18 June, 23 June, 24 June, 25 June, 29 June and 30 June 2021 of HK\$79.33 per Share. Save as disclosed, no outstanding options had been exercised, cancelled or lapsed under the Share Option Scheme during the reporting period.

During the Period, details of movements in the share options under the Share Option Scheme are as follows:

Category and name of grantee	Outstanding as at 1 January 2021	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Options to subscribe for Shares		Date of grant	Exercise period
						Outstanding as at 30 June 2021	Exercise price per Share (HK\$)		
Director									
Mr. Yang Zhicheng	4,000,000	–	1,600,000	–	–	2,400,000	50.07	28 September 2020	Vesting date ⁽¹⁾ – 27 September 2025 ⁽⁷⁾
Mr. Li Changjiang	7,000,000	–	600,000	–	–	6,400,000	50.07	28 September 2020	Vesting date ⁽¹⁾ – 27 September 2025 ⁽⁷⁾
Mr. Xiao Hua	2,200,000	–	680,000	–	–	1,520,000	50.07	28 September 2020	Vesting date ⁽¹⁾ – 27 September 2025 ⁽⁷⁾
Mr. Guo Zhanjun	2,000,000	–	800,000	–	–	1,200,000	50.07	28 September 2020	Vesting date ⁽¹⁾ – 27 September 2025 ⁽⁷⁾
Sub-total of Directors	15,200,000	–	3,680,000	–	–	11,520,000			
Employees of the Group	46,700,000	–	11,071,000	–	–	35,629,000	50.07	28 September 2020	Vesting date ⁽²⁾ – 27 September 2025 ⁽⁷⁾
	–	1,600,000	–	–	–	1,600,000	72.40	23 March 2021	Vesting date ⁽²⁾ – 22 March 2026 ⁽⁷⁾
Consultants of the Group ⁽³⁾	9,600,000	–	320,000	–	–	9,280,000	50.07	28 September 2020	Vesting date ⁽¹⁾ – 27 September 2025 ⁽⁷⁾
Sub-total of other participants	56,300,000	1,600,000	11,391,000	–	–	46,509,000	50.07		
Total	71,500,000	1,600,000	15,071,000	–	–	58,029,000			

Notes:

- (1) Subject to the satisfaction of certain vesting conditions, the vesting date shall be the date on which the auditors' report of the Company for the relevant financial year is issued: (a) 40% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees on the date on which the audited financial report for the year ended 31 December 2020 is issued; (b) 30% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees on the date on which the audited financial report for the year ending 31 December 2021 is issued; and (c) 30% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees on the date on which the audited financial report for the year ending 31 December 2022 is issued.
- (2) Subject to the satisfaction of certain vesting conditions, the vesting date of the share options granted by the Company to 57 employees (excluding Directors) and 4 consultants, totalling 61 other participants, to subscribe for 53,900,000 Shares shall be the date as set out in note (1), and the vesting date of the share options held by the other participants, 6 employees (excluding Directors), to subscribe for the remaining 4,000,000 Shares shall be the date on which the auditors' report of the Company for the relevant financial year is issued, (a) 40% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees on the date on which the audited financial report for the year ending 31 December 2021 is issued; (b) 30% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees on the date on which the audited financial report for the year ending 31 December 2022 is issued; and (c) 30% of the total number of Shares granted pursuant to the share options will be vested to the relevant grantees on the date on which the audited financial report for the year ending 31 December 2023 is issued.
- (3) The rationale for granting the share options to the four consultants is (i) to reward each of them for their respective contributions to the Group, such as providing the Group with objective advices and professional guidance to the Group based on their respective extensive experience or introducing potential projects and favourable business relations to the Group based on the Group's business development needs, and (ii) to attract each of them to continue to serve the Group by acting as a consultant of the Group, which will enhance the long-term and stable development of the Group. In addition, the terms and vesting conditions of the share options granted to the consultants are the same as those of the share options granted to the employees of the Group, including that the Group shall achieve a certain level of net profit growth and the consultants shall achieve their respective annual performance goals. During the Period, 2 consultants of them who were granted share options representing 400,000 Shares in total became employees of the Group on 1 January 2021. Apart from this, the relevant terms of the share options including the exercise price, vesting conditions and vesting date remain unchanged. For such 2 consultants, the outstanding share options as at 1 January 2021 of were 400,000 Shares. During the Period, share options for 40,000 Shares were exercised at HK\$50.07 per Share, which led to the share options for 360,000 Shares of outstanding share options as at June 30, 2021. No share options were granted, cancelled or lapsed during the Period.
- (4) On 23 March 2021, the Company granted share options to eligible participants to subscribe for 1,600,000 Shares in total in accordance with the terms of the Share Option Scheme. Such share options had a fair value of approximately RMB21,181,340 on the date of grant. On 28 September 2020, the Company granted share options to eligible participants to subscribe for 71,500,000 Shares in total in accordance with the terms of the Share Option Scheme. Such share options had a fair value of approximately RMB530,706,000 on the date of grant.
- (5) The closing price of the Shares immediately preceding the date of grant of 23 March 2021 was HK\$69.2.
- (6) The share-based payment expense charged to profit or loss for the Period was approximately RMB107.36 million (corresponding period in 2020: nil). For details of the relevant accounting policy, please refer to Note 2.23 "Share-based payments" to the consolidated financial statements set out in the 2020 annual report of the Company published on 26 April 2021.
- (7) Subject to the satisfaction of the vesting conditions under the terms of the Share Option Scheme and that the share options are not lapsed, the share options are exercisable by the grantees before 27 September 2025 and 22 March 2026 respectively.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Revenue	6	11,559,848	6,271,278
Cost of services	9	(7,603,528)	(3,873,802)
Cost of sales of goods	9	(96,581)	(64,929)
Gross profit		3,859,739	2,332,547
Selling and marketing expenses	9	(104,494)	(46,942)
General and administrative expenses	9	(1,224,005)	(646,436)
Net impairment losses on financial assets	9	(35,611)	(34,981)
Other income	7	90,587	44,170
Other gains — net	8	424,754	108,724
Operating profit		3,010,970	1,757,082
Finance income	10	53,245	71,687
Finance costs	10	(69,537)	(20,686)
Finance (costs)/income — net	10	(16,292)	51,001
Share of results of investments accounted for using the equity method	18	5,849	5,706
Profit before income tax		3,000,527	1,813,789
Income tax expense	11	(774,302)	(478,543)
Profit for the period		2,226,225	1,335,246
Profit attributable to:			
— Owners of the Company		2,113,001	1,314,838
— Non-controlling interests		113,224	20,408
		2,226,225	1,335,246
Other comprehensive income			
Items that may be reclassified to profit or loss:			
— Currency translation differences		(80,921)	(441)
Total other comprehensive income for the period, net of tax		(80,921)	(441)
Total comprehensive income for the period		2,145,304	1,334,805
Total comprehensive income attributable to:			
— Owners of the Company		2,032,080	1,314,397
— Non-controlling interests		113,224	20,408
		2,145,304	1,334,805
Earnings per share attributable to the owners of the Company (expressed in RMB cents per share)			
— Basic	12	69.87	48.26
— Diluted	12	69.81	48.16

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited At 30 June 2021 RMB'000	Audited At 31 December 2020 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	1,050,230	1,249,074
Right-of-use assets	15	180,129	130,360
Investment properties	16	1,008,752	—
Intangible assets	17	13,130,995	6,176,273
Investments accounted for using the equity method	18	316,350	312,220
Financial assets at fair value through other comprehensive income		914,419	9,950
Contract assets	19	344,066	—
Deferred income tax assets		129,237	37,957
		17,074,178	7,915,834
Current assets			
Inventories		155,487	136,911
Trade and other receivables	20	9,400,466	5,243,515
Financial assets at fair value through profit and loss	22	3,023,190	2,566,122
Restricted bank deposits	21	170,170	126,271
Cash and cash equivalents	21	21,767,798	15,215,224
		34,517,111	23,288,043
Total assets		51,591,289	31,203,877

▶▶ INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	Unaudited At 30 June 2021 RMB'000	Audited At 31 December 2020 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium	23	21,029,825	8,361,602
Other reserves	24	770,756	917,351
Retained earnings	25	6,696,719	5,286,787
		28,497,300	14,565,740
Non-controlling interests		2,002,838	1,593,298
Total equity		30,500,138	16,159,038
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	29	295,669	247,584
Lease liabilities	15	951,083	54,582
Deferred income tax liabilities		1,136,192	509,876
		2,382,944	812,042
Current liabilities			
Contract liabilities		3,076,856	2,581,933
Trade and other payables	27	10,375,751	7,475,622
Current income tax liabilities		680,813	553,601
Convertible bonds	28	4,071,957	3,202,538
Bank and other borrowings	29	364,557	361,815
Lease liabilities	15	138,273	57,288
		18,708,207	14,232,797
Total liabilities		21,091,151	15,044,839
Total equity and liabilities		51,591,289	31,203,877

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

The interim financial information on pages 42–76 was approved by the Board of Directors on 25 August 2021 and were signed on its behalf.

Li Changjiang
Director

Guo Zhanjun
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited						
	Attributable to owners of the Company						
	Note	Share capital and share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2020		1,756,918	531,581	3,084,657	5,373,156	306,370	5,679,526
Comprehensive income							
Profit for the period		—	—	1,314,838	1,314,838	20,408	1,335,246
Other comprehensive income		—	(441)	—	(441)	—	(441)
Total comprehensive income for the period ended 30 June 2020		—	(441)	1,314,838	1,314,397	20,408	1,334,805
Transactions with owners of the Company							
Acquisition of non-controlling interests		—	(280)	—	(280)	(1,070)	(1,350)
Employee share schemes							
— value of employee services		—	3,376	—	3,376	—	3,376
— exercise of options		69,211	(32,612)	—	36,599	—	36,599
Capital injection from non-controlling interests		—	—	—	—	28,551	28,551
Non-controlling interests arising from business combinations		—	—	—	—	705	705
Equity component of convertible bonds		—	133,924	—	133,924	—	133,924
Dividends		—	—	(416,944)	(416,944)	(13,639)	(430,583)
Total transactions with owners		69,211	104,408	(416,944)	(243,325)	14,547	(228,778)
Balance at 30 June 2020		1,826,129	635,548	3,982,551	6,444,228	341,325	6,785,553
Balance at 1 January 2021		8,361,602	917,351	5,286,787	14,565,740	1,593,298	16,159,038
Comprehensive income							
Profit for the period		—	—	2,113,001	2,113,001	113,224	2,226,225
Other comprehensive income		—	(80,921)	—	(80,921)	—	(80,921)
Total comprehensive income for the period ended 30 June 2021		—	(80,921)	2,113,001	2,032,080	113,224	2,145,304
Transactions with owners of the Company							
Issue of shares	23	8,538,383	—	—	8,538,383	—	8,538,383
Employee share schemes							
— value of employee services	24	—	107,744	—	107,744	—	107,744
— exercise of options	23, 24	792,243	(136,178)	—	656,065	—	656,065
Transactions with non-controlling interests		—	(2,681)	—	(2,681)	2,681	—
Non-controlling interests arising from business combinations		—	—	—	—	297,074	297,074
Capital injection from non-controlling interests		—	—	—	—	2,450	2,450
Equity component of convertible bonds	28	—	99,365	—	99,365	—	99,365
Conversion of convertible bonds	28(a)	3,337,597	(133,924)	—	3,203,673	—	3,203,673
Dividends	13	—	—	(703,069)	(703,069)	(5,889)	(708,958)
Total transactions with owners		12,668,223	(65,674)	(703,069)	11,899,480	296,316	12,195,796
Balance at 30 June 2021		21,029,825	770,756	6,696,719	28,497,300	2,002,838	30,500,138

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Unaudited Six months ended 30 June	
	Note	2021 RMB'000	2020 RMB'000
Cash flows from operating activities			
Cash generated from operations		1,235,735	871,040
Income tax paid		(732,678)	(227,078)
Net cash generated from operating activities		503,057	643,962
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired	30	(4,890,390)	(155,267)
Settlement of outstanding considerations payable for business combinations in prior years		(426,120)	(157,672)
Dividends received from investments accounted for using the equity method	18	5,154	—
Payments for investments accounted for using the equity method	18	(1,487)	(5,813)
Purchases of property, plant and equipment	14	(62,271)	(51,746)
Purchases of intangible assets	17	(18,134)	(6,986)
Payments for financial assets at fair value through profit and loss		(2,260,000)	(962,621)
Payments for financial assets at fair value through other comprehensive income		(904,469)	—
Proceeds from disposal of property, plant and equipment		36,201	1,482
Proceeds from disposal of financial assets at fair value through profit or loss		2,013,768	—
Loans to third parties	20	(732,982)	—
Interest received	10	53,245	71,687
Net cash used in investing activities		(7,187,485)	(1,266,936)
Cash flows from financing activities			
Net proceeds from issue of convertible bonds	28	4,114,311	3,546,449
Proceeds from bank and other borrowings		179,365	—
Issuance of shares pursuant to share option scheme		656,065	36,599
Issuance of shares	23	8,538,383	—
Capital injection from non-controlling interests		2,450	28,551
Acquisition of non-controlling interests		—	(1,350)
Principal elements of lease payments		(81,465)	(6,316)
Repayments of bank and other borrowings		(128,538)	—
Interest paid on leases	10	(11,414)	(1,924)
Interest paid on bank and other borrowings	10	(7,660)	—
Dividends paid to non-controlling interests		(5,889)	(13,639)
Net cash generated from financing activities		13,255,608	3,588,370
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		15,215,224	6,914,148
Effects of exchange rate changes on cash and cash equivalents		(18,606)	47,800
Cash and cash equivalents at end of the period		21,767,798	9,927,344

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. General information

Country Garden Services Holdings Company Limited (the “Company”) was incorporated in the Cayman Islands on 24 January 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands.

The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the “Group”) are principally engaged in provision of property management services, community value-added services, value-added services to non-property owners, heat supply services, city services and commercial operational services in the People’s Republic of China (the “PRC”).

The Company’s shares are listed on The Stock Exchange of Hong Kong Limited.

This interim financial information for the six months ended 30 June 2021 (“Interim Financial Information”) is presented in Renminbi (“RMB”), unless otherwise stated.

2. Basis of preparation

This Interim Financial Information has been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34, ‘Interim Financial Reporting’. This Interim Financial Information should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2020 (“2020 Financial Statements”), which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) and the disclosure requirements of the Hong Kong Companies Ordinance, and any public announcement made by the Company during the interim reporting period.

3. Significant accounting policies

The accounting policies applied are consistent with those as described in the 2020 Financial Statements, except for the adoption of new and amendments to HKFRSs effective for reporting period commencing on or after 1 January 2021 and Note 3(c) below. Income tax expense was recognised based on management’s estimate of the annual income tax rate expected for the full financial year.

- (a) The adoption of the amendments to HKFRSs effective for reporting period commencing on or after 1 January 2021 did not have a material impact to the Group.

3. Significant accounting policies *(Continued)*

- (b) Except for Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, 'Interest rate benchmark reform – phase 2', which become effective this period, new and revised standards and amendments to existing standards that have been issued and relevant to the Group but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted are as follows:

		Effective for annual periods beginning on or after
Amendments to HKFRS 16	COVID-19-Related rent concessions beyond 30 June 2021	1 April 2021
Amendments to HKAS 16	Property, plant and equipment — proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous contracts — cost of fulfilling a contract	1 January 2022
Amendments to HKFRS 3	Reference to the conceptual framework	1 January 2022
Annual Improvements	Annual improvements to HKFRS Standards 2018–2020 cycle	1 January 2022
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of financial statements — classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between and investor and its associate or joint venture	To be determined

None of these is expected to have a significant impact on the Group's accounting policies except for HKFRS 17. The Group will assess the impact of HKFRS 17 on the Group's accounting policies.

- (c) Investment properties

Investment properties are held for long-term rental yields or for capital appreciation or both and are not occupied by the Group. Commercial properties held under leases held for rental yields and are not occupied by the Group are recognised as investment properties.

The Group measured its investment properties at cost, including related transaction costs and where applicable borrowing costs. Depreciation is calculated using the straight-line method to allocate their cost over their useful life or lease term varying from 2 to 20 years.

4. Judgements and estimates

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

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2020 Financial Statements.

5. Financial risk management

5.1 Financial risk factors

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

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2020 Financial Statements.

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

5.2 Liquidity risk

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

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and include interest, if applicable.

	Less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 30 June 2021					
Trade and other payables (excluding payroll payables and other taxes payables)	8,723,748	—	—	—	8,723,748
Convertible bonds	4,192,120	—	—	—	4,192,120
Lease liabilities	152,963	157,908	427,849	583,113	1,321,833
Bank and other borrowings	401,398	58,143	48,499	231,959	739,999
Total	13,470,229	216,051	476,348	815,072	14,977,700
At 31 December 2020					
Trade and other payables (excluding payroll payables and other taxes payables)	5,722,425	—	—	—	5,722,425
Convertible bonds	3,261,200	—	—	—	3,261,200
Lease liabilities	61,082	30,380	25,496	5,563	122,521
Bank and other borrowings	367,280	21,041	77,194	157,934	623,449
Total	9,411,987	51,421	102,690	163,497	9,729,595

5. Financial risk management *(Continued)*

5.3 Fair value measurement of financial instruments

Fair value estimation

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

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

At 30 June 2021	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at fair value through profit or loss	63,924	—	2,959,266	3,023,190
Financial assets at fair value through other comprehensive income	—	—	914,419	914,419
Total financial assets	63,924	—	3,873,685	3,937,609
At 31 December 2020	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at fair value through profit or loss	—	—	2,566,122	2,566,122
Financial assets at fair value through other comprehensive income	—	—	9,950	9,950
Total financial assets	—	—	2,576,072	2,576,072

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

	Financial assets at fair value through profit or loss (Note 22) RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Total RMB'000
Opening balance 31 December 2020	2,566,122	9,950	2,576,072
Additions	2,260,000	904,469	3,164,469
Disposals	(2,013,768)	—	(2,013,768)
Fair value changes	210,836	—	210,836
Closing balance 30 June 2021	3,023,190	914,419	3,937,609
Gains recognised in 'Other gains — net' (Note 8)	210,836	—	210,836

5. Financial risk management *(Continued)*

5.3 Fair value measurement of financial instruments *(Continued)*

Fair value estimation (Continued)

- (a) There is no material unrealised gain or loss recognised in profit or loss in the current period (2020: no material unrealised gain or loss) attributable to balances held at the end of the reporting period.
- (b) There were no transfers between the levels of the fair value hierarchy during the six months ended 30 June 2021. There were also no changes made to any of the valuation techniques applied as of 31 December 2020.

6. Revenue and segment information

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

In previous years, the Group was principally engaged in the provision of property management services, community value-added services, value-added services to non-property owners, water, electricity and heat supplies and property management services under the state-owned enterprises separation and reform program (hereinafter referred to as “Three Supplies and Property Management”) and city services in the PRC. The CODM of the Company regarded that there were three operating segments which were used to make strategic decisions.

During the current period, the Group commenced commercial operational services, providing shopping malls, community merchants, characteristic cultural tourism and quality offices with full-chain services such as business planning consultation, investment promotion, operation and planning services. The operating results of the commercial operational services are included in the reports reviewed by the CODM for performance evaluation and resources allocation purposes.

The CODM considers business from a product perspective and has identified the following four operating segments:

- Property management and related services other than the Three Supplies and Property Management businesses, which include property management services, community value-added services and value-added services to non-property owners;
- Three Supplies and Property Management;
- City services business, which include sanitation, cleaning and sewage and waste treatment business; and
- Commercial operational services.

The CODM assesses the performance of the operating segments based on a measure of operating profit, adjusted by excluding realised and unrealised gains from financial assets at fair value through profit or loss, and including share of results of investments accounted for using the equity method.

6. Revenue and segment information *(Continued)*

Segment assets consist primarily of property, plant and equipment, right-of-use assets, investment properties, intangible assets, investments accounted for using the equity method, contract assets, inventories, receivables, and operating cash. They exclude deferred income tax assets, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. Segment liabilities consist primarily of operating liabilities. They exclude current and deferred income tax liabilities, convertible bonds, bank and other borrowings and dividend payables.

Capital expenditure comprises additions to property, plant and equipment, right-of-use assets and intangible assets, excluding those arising from business combinations.

Revenue mainly comprises of proceeds from provision of property management and related services, Three Supplies and Property Management, city services and commercial operational services. An analysis of the Group's revenue by category for the six months ended 30 June 2021 and 2020 was as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Revenue from property management and related services other than Three Supplies and Property Management businesses		
— Property management services	5,172,302	3,962,006
— Community value-added services	1,398,273	602,616
— Value-added services to non-property owners	1,058,259	674,377
— Other services	112,037	71,831
	7,740,871	5,310,830
Revenue from Three Supplies and Property Management businesses		
— Property management and other related services	924,348	266,177
— Heat supply services	659,552	656,927
	1,583,900	923,104
Revenue from city services business	2,095,043	37,344
Revenue from commercial operational services	140,034	—
	11,559,848	6,271,278

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the six months ended 30 June 2021 and 2020.

Sales between segments are carried out on terms agreed upon by the respective segments' management.

Nearly 100% of the Group's revenue is attributable to the markets in Mainland China and nearly 100% of the Group's non-current assets are located in Mainland China. No geographical information is therefore presented.

6. Revenue and segment information *(Continued)*

The segment information provided to the CODM of the Company for the reportable segments is as follows:

	Six months ended 30 June 2021				
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	City services business RMB'000	Commercial operational services RMB'000	Total RMB'000
Revenue from contracts with customers					
Total segment revenue	7,740,871	1,583,900	2,130,868	140,034	11,595,673
Less: inter-segment revenue	—	—	(35,825)	—	(35,825)
Revenue from external customers	7,740,871	1,583,900	2,095,043	140,034	11,559,848
Timing of revenue recognition:					
Recognised over time	7,579,069	1,566,965	2,075,812	140,034	11,361,880
Recognised at a point time	161,802	16,935	19,231	—	197,968
	7,740,871	1,583,900	2,095,043	140,034	11,559,848
Segment results	2,423,049	6,041	324,617	52,276	2,805,983
Share of results of investments accounted for using the equity method	4,369	1,288	192	—	5,849
Depreciation and amortisation charges	260,156	24,554	117,630	18,352	420,692
Net impairment losses on financial assets	21,946	4,430	7,914	1,321	35,611
Capital expenditure	178,295	30,373	42,659	967,264	1,218,591

6. Revenue and segment information (Continued)

	At 30 June 2021				
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	City services business RMB'000	Commercial operational services RMB'000	Total RMB'000
Segment assets	40,268,965	2,475,575	3,579,750	1,200,153	47,524,443
Investments accounted for using the equity method	213,283	94,148	8,919	—	316,350
Segment liabilities	9,689,873	1,782,690	1,238,773	1,127,136	13,838,472
	Six months ended 30 June 2020				
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	City services business RMB'000	Commercial operational services RMB'000	Total RMB'000
Revenue from contracts with customers					
Total segment revenue	5,310,830	923,104	37,344	—	6,271,278
Less: inter-segment revenue	—	—	—	—	—
Revenue from external customers	5,310,830	923,104	37,344	—	6,271,278
Timing of revenue recognition:					
Recognised over time	5,237,703	923,104	37,344	—	6,198,151
Recognised at a point time	73,127	—	—	—	73,127
	5,310,830	923,104	37,344	—	6,271,278
Segment results	1,678,263	2,323	3,444	—	1,684,030
Share of results of investments accounted for using the equity method	5,706	—	—	—	5,706
Depreciation and amortisation charges	90,333	19,647	237	—	110,217
Net impairment losses on financial assets	32,527	2,428	26	—	34,981
Capital expenditure	69,639	4,939	84	—	74,662

6. Revenue and segment information *(Continued)*

	At 31 December 2020				
	Property management and related services other than Three Supplies and Property Management RMB'000	Three Supplies and Property Management RMB'000	City services business RMB'000	Commercial operational services RMB'000	Total RMB'000
Segment assets	22,633,310	2,756,454	3,200,084	—	28,589,848
Investments accounted for using the equity method	198,728	103,651	9,841	—	312,220
Segment liabilities	6,894,126	2,047,240	1,228,059	—	10,169,425

A reconciliation of segment results to profit before income tax is provided as follows:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Segment results	2,805,983	1,684,030
Realised and unrealised gains from financial assets at fair value through profit and loss	210,836	78,758
Finance (costs)/income — net	(16,292)	51,001
Profit before income tax	3,000,527	1,813,789

A reconciliation of segment assets to total assets is provided as follows:

	At 30 June 2021	At 31 December 2020
	RMB'000	RMB'000
Segment assets	47,524,443	28,589,848
Deferred income tax assets	129,237	37,957
Financial assets at fair value through other comprehensive income	914,419	9,950
Financial assets at fair value through profit and loss	3,023,190	2,566,122
Total assets	51,591,289	31,203,877

6. Revenue and segment information *(Continued)*

A reconciliation of segment liabilities to total liabilities is provided as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Segment liabilities	13,838,472	10,169,425
Convertible bonds	4,071,957	3,202,538
Dividend payables (Note 27)	703,491	—
Deferred income tax liabilities	1,136,192	509,876
Current income tax liabilities	680,813	553,601
Bank and other borrowings	660,226	609,399
Total liabilities	21,091,151	15,044,839

7. Other income

	Six months ended 30 June 2021 RMB'000	2020 RMB'000
Government subsidies	73,848	32,754
Late payment charges	16,739	11,416
	90,587	44,170

8. Other gains — net

	Six months ended 30 June 2021 RMB'000	2020 RMB'000
Realised and unrealised gains from financial assets at fair value through profit or loss	210,836	78,758
Net foreign exchange gains	206,403	26,906
Gains on disposal of property, plant and equipment	9,668	426
Gains on early termination of lease contracts	481	77
Others	(2,634)	2,557
	424,754	108,724

9. Expenses by nature

Expenses included in cost of services, cost of sales of goods, selling and marketing expenses, general and administrative expenses and net impairment losses on financial assets are analysed as follows:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Employee benefit expenses	4,164,154	2,159,971
Cleaning expenses	1,451,045	832,291
Heat supply costs	632,789	588,740
Depreciation and amortisation charges	420,692	110,217
Maintenance expenses	416,160	199,991
Utilities	365,077	187,376
Security expenses	343,194	134,823
Construction costs for contractual service concession arrangements (Note 19)	304,483	—
Greening and gardening expenses	224,856	135,551
Rental expenses for short-term leases	103,346	34,546
Professional service fees	99,100	12,722
Cost of sales of goods	96,581	64,929
Travelling and entertainment expenses	78,462	20,893
Office and communication expenses	76,403	47,879
Transportation expenses	72,277	30,635
Bank charges	51,111	19,842
Other tax and surcharges	44,149	30,062
Net impairment losses on financial assets	35,611	34,981
Community activities expenses	20,115	12,093
Other expenses	64,614	9,548
	9,064,219	4,667,090

10. Finance (costs)/income – net

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Finance income:		
Interest income on bank deposits	53,245	71,687
Finance costs:		
Borrowing costs on convertible bonds	(50,463)	(18,762)
Interest expense on lease liabilities	(11,414)	(1,924)
Interest expense on bank and other borrowings	(7,660)	—
	(69,537)	(20,686)
Finance (costs)/income – net	(16,292)	51,001

11. Income tax expense

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Current income tax – PRC	763,253	442,044
Deferred income tax		
Corporate income tax	(15,699)	2,785
Withholding income tax on profits to be distributed in future	26,748	33,714
	11,049	36,499
	774,302	478,543

12. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2021	2020
Profit attributable to the owners of the Company (RMB'000)	2,113,001	1,314,838
Weighted average number of ordinary shares in issue (thousands shares)	3,024,207	2,724,678
Basic earnings per share (RMB cents)	69.87	48.26

12. Earnings per share *(Continued)*

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares arising from the share option schemes (Note 26) and convertible bonds (Note 28). For the share option schemes, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share. For the convertible bonds, they are assumed to have been converted into ordinary shares. Borrowing costs savings on convertible bonds are adjusted to the extent of the amount charged to the profit attributable to owners of the Company, if applicable. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and the conversion of convertible bonds.

	Six months ended 30 June	
	2021	2020
Profit attributable to the owners of the Company (RMB'000)	2,113,001	1,314,838
Borrowing costs on convertible bonds (RMB'000)	9,676	—
Profit attributable to the owners of the Company used to determine diluted earnings per share (RMB'000)	2,122,677	1,314,838
Weighted average number of ordinary shares in issue (thousands shares)	3,024,207	2,724,678
Adjustments — share option and convertible bonds (thousands shares)	16,269	5,664
Weighted average number of ordinary shares for diluted earnings per share (thousands shares)	3,040,476	2,730,342
Diluted earnings per share (RMB cents)	69.81	48.16

13. Dividends

The final dividend in respect of 2020 of RMB21.87 cents (equivalent to HKD26.58 cents) per share, totalling RMB703,069,000 approved at the Annual General Meeting on 28 May 2021 and has been partly settled in new shares of the Company and partly paid in cash in August 2021. The number of ordinary shares settled and issued as scrip dividends was 394,682 and the total amount of dividend paid as scrip dividends was RMB25,778,000 while cash dividend amounted to RMB677,291,000.

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

14. Property, plant and equipment

	RMB'000
Six months ended 30 June 2021	
Opening net book amount	1,249,074
Acquisition of subsidiaries (Note 30)	64,339
Other additions	62,271
Disposals	(96,533)
Depreciation and amortisation	(199,203)
Transfer to investment properties	(29,718)
Net book amount	1,050,230
Six months ended 30 June 2020	
Opening net book amount	311,873
Acquisition of subsidiaries	2,914
Other additions	51,746
Disposals	(1,056)
Depreciation and amortisation	(66,384)
Net book amount	299,093

15. Leases

This note provides information for leases where the Group is a lessee.

The consolidated balance sheet shows the following amounts relating to leases:

Right-of-use assets

	Buildings RMB'000	Transportation equipment RMB'000	Machinery RMB'000	Land use right RMB'000	Total RMB'000
Six months ended 30 June 2021					
Opening net book amount	107,263	222	706	22,169	130,360
Acquisition of subsidiaries (Note 30)	12,951	—	—	—	12,951
Other additions	46,448	1,665	8,142	26,697	82,952
Early termination of lease contracts	(1,986)	—	—	—	(1,986)
Depreciation	(38,060)	(1,240)	(4,282)	(566)	(44,148)
Closing net book amount	126,616	647	4,566	48,300	180,129
Six months ended 30 June 2020					
Opening net book amount	28,342	191	257	—	28,790
Acquisition of subsidiaries	15,157	209	565	—	15,931
Early termination of lease contracts	(2,192)	(55)	—	—	(2,247)
Depreciation	(7,633)	(121)	(116)	—	(7,870)
Closing net book amount	33,674	224	706	—	34,604

15. Leases (Continued)

Lease liabilities

	At 30 June 2021 RMB'000	2020 RMB'000
Current	138,273	11,335
Non-current	951,083	26,378
	1,089,356	37,713

16. Investment properties

	Land and buildings RMB'000	Right-of use assets RMB'000	Total RMB'000
Six months ended 30 June 2021			
Opening net book amount	—	—	—
Acquisition of subsidiaries (Note 30)	33,068	—	33,068
Other additions	—	965,516	965,516
Transfer from property, plant and equipment	29,718	—	29,718
Amortisation	(1,265)	(18,285)	(19,550)
Net book amount	61,521	947,231	1,008,752

17. Intangible assets

	Software RMB'000	Contracts and customer relationships RMB'000 (a)	Insurance brokerage license RMB'000	Brand RMB'000 (a)	Concession intangible assets RMB'000	Goodwill RMB'000 (b) & (c)	Total RMB'000
Six months ended 30 June 2021							
Opening net book amount	71,105	1,436,256	27,220	185,664	94,115	4,361,913	6,176,273
Acquisition of subsidiaries (Note 30)	76,581	688,209	—	1,319,904	—	5,009,685	7,094,739
Other additions	16,280	—	—	—	1,854	—	18,134
Amortisation	(6,255)	(127,768)	(1,237)	(15,472)	(7,059)	—	(157,791)
Closing net book amount	157,711	1,996,697	25,983	1,490,096	88,910	9,371,598	13,130,995
Six months ended 30 June 2020							
Opening net book amount	44,952	341,566	—	—	—	1,217,335	1,603,853
Acquisition of subsidiaries	21	58,680	28,663	—	—	208,115	295,479
Other additions	6,986	—	—	—	—	—	6,986
Amortisation	(3,592)	(32,164)	(206)	—	—	—	(35,962)
Closing net book amount	48,367	368,082	28,457	—	—	1,425,450	1,870,356

17. Intangible assets *(Continued)*

(a) Contracts and customer relationships and brand

During the six months ended 30 June 2021, the Group acquired several property management companies (Note 30). Total identifiable net assets of these companies acquired as at their respective acquisition dates amounted to approximately RMB2,650,138,000, including identified property management contracts and customer relationships of approximately RMB688,209,000 and brand of approximately RMB1,319,904,000 recognised by the Group. The excess of the consideration transferred and the amount of the non-controlling interests in the acquires over the fair value of the identifiable net assets acquired is recorded as goodwill.

A valuation was performed by an independent valuer to determine the fair value of the identified property management contracts and customer relationships. The valuation method used is the multi-period excess earnings method. The key assumptions in determining the fair value of property management contracts and customer relationships are disclosed as follows:

Gross profit margin	25.54%
Earnings before interest, taxes, depreciation and amortisation margin ("EBITDA margin")	11.40%
Post-tax discount rate	13.50%
Expected useful lives	6 years

A valuation was performed by an independent valuer to determine the fair value of the identified brand. The valuation method used is the relief-from-royalty method. The key assumptions in determining the fair value of the brand are disclosed as follows:

Gross profit margin	27.37%
EBITDA margin	13.28%
Post-tax discount rate	13.00%
Expected useful lives	12 years

(b) Impairment tests for goodwill arising from business combinations in prior years

As there were no indicators for impairment of the cash-generating units ("CGUs") of the subsidiaries acquired in prior years as at 30 June 2021, management has not updated any impairment calculations.

(c) Impairment tests for goodwill arising from business combinations in current period

Goodwill of RMB5,009,685,000 has been allocated to the CGUs of the subsidiaries acquired during the period for impairment testing. Management performed an impairment assessment on the goodwill prior to the period end. The recoverable amounts of these subsidiaries are determined based on value-in-use calculations.

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue growth rate during the projection period	9.00%
Gross profit margin during the projection period	27.54%
EBITDA margin during the projection period	13.28%
Terminal growth rate	3.00%
Pre-tax discount rate	15.66%

Based on management's assessment on the recoverable amounts of the subsidiaries acquired during the period, no impairment provision was considered necessary to provide as at 30 June 2021.



18. Investments accounted for using the equity method

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
At 1 January	312,220	79,514
Share of results	5,849	5,706
Additions	1,487	5,813
Dividends received	(5,154)	—
Acquisition of subsidiaries (Note 30)	1,948	—
At 30 June	316,350	91,033

As at 30 June 2021, there were no significant contingent liabilities and commitments relating to the Group's interests in the investments accounted for using the equity method.

19. Contract assets

The Group has recognised the following assets related to contracts with customers:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Contract assets	344,066	—

Pursuant to the contractual concession service agreements for sewage and waste treatment, the Group receives no payment from the grantors during the construction period and receives service fees when relevant services are rendered during the operating periods. Upon the completion of construction, the balance of contract assets will transfer to concession intangible assets.

20. Trade and other receivables

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Trade receivables (a)		
— Related parties (Note 31)	140,469	179,157
— Third parties	6,641,151	4,204,856
	6,781,620	4,384,013
Less: allowance for impairment of trade receivables (b)	(170,409)	(147,600)
	6,611,211	4,236,413
Other receivables		
— Payments on behalf of property owners	160,151	184,216
— Deposits	287,910	208,380
— Loans to third parties pledged by equities (d)	732,982	—
— Others	677,729	235,652
	1,858,772	628,248
Less: allowance for impairment of other receivables (c)	(26,771)	(13,969)
	1,832,001	614,279
Prepayments to suppliers	804,917	308,913
Prepayments for tax	152,337	83,910
	9,400,466	5,243,515

As at 30 June 2021 and 31 December 2020, trade and other receivables were mainly denominated in RMB, and the fair value of trade and other receivables approximated their carrying amounts.

20. Trade and other receivables *(Continued)*

- (a) Property management services income under lump sum basis, heat supply services income and commercial operational services are received in accordance with the term of the relevant service agreements. Service income from property management services and heat supply services are due for payment by the residents upon the issuance of demand note.

For value-added services to non-property owners and city services, customers are generally given a credit term of up to 90 days.

The ageing analysis of the trade receivables based on the invoice date was as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
0 to 180 days	5,988,148	3,875,283
181 to 365 days	495,882	251,578
1 to 2 years	183,238	155,347
2 to 3 years	63,982	58,940
Over 3 years	50,370	42,865
	6,781,620	4,384,013

- (b) Movement of allowance for impairment of trade receivables was as follows:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
At 1 January	147,600	57,868
Provision for loss allowance recognised in profit or loss	22,809	32,328
Receivables written off as uncollectable	—	(2,991)
At 30 June	170,409	87,205

- (c) Movement of allowance for impairment of other receivables was as follows:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
At 1 January	13,969	10,072
Provision for loss allowance recognised in profit or loss	12,802	2,653
At 30 June	26,771	12,725

- (d) The Group provided short-term loans to third parties pledged by equity interests held by the corresponding parties, respectively. The loans to third parties bear annual interest rate of 8% to 15%.



21. Cash and cash equivalents and restricted bank deposits

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Cash at banks (a)	21,937,968	15,341,495
Less: Restricted bank deposits (b)	(170,170)	(126,271)
Cash and cash equivalents	21,767,798	15,215,224

(a) Cash at banks were denominated in the following currencies:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
RMB	6,813,748	6,492,134
HKD	15,061,914	8,799,390
Other currencies	62,306	49,971
	21,937,968	15,341,495

(b) Restricted bank deposits mainly represent the cash deposits in bank as performance security for property management services according to the requirements of local government authorities and the deposits made as performance security for certain contracts relating to the city services business.

22. Financial assets at fair value through profit or loss

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Wealth management products (a)	2,432,138	2,069,730
Investment in a close-ended fund (b)	527,128	463,365
Others	63,924	33,027
	3,023,190	2,566,122

(a) The Group invested in various wealth management products. These products have a term of 12 months. They have an expected return rate ranging from 6.0% to 10.6%. The fair values of these investments were determined based on the expected return as stipulated in relevant contracts with the counterparties.

(b) This represented the Group's investment in a close-ended fund. The fair value of this investment was determined based on the valuation report provided by the fund manager.

23. Share capital and share premium

Note	Number of shares	Nominal value of shares	Equivalent nominal value of shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised					
Upon incorporation at 24 January 2018, HKD0.10 per share	3,800,000	380,000			
Cancellation of ordinary shares of HKD0.10 each	(3,800,000)	(380,000)			
Increase in authorised share capital of USD0.0001 each	10,000,000,000	1,000,000			
At 1 January 2019, 30 June 2019, 1 January 2020 and 30 June 2020, 1 January 2021 and 30 June 2021	10,000,000,000	1,000,000			
At 1 January 2020	2,710,893,800	271,089	1,728	1,755,190	1,756,918
Employee share scheme – exercise of option	42,646,000	4,265	30	69,181	69,211
At 30 June 2020	2,753,539,800	275,354	1,758	1,824,371	1,826,129
At 1 January 2021	2,932,373,600	293,237	1,875	8,359,727	8,361,602
Employee share scheme – exercise of option (a),26	54,955,400	5,496	35	792,208	792,243
Placing of shares (b)	139,380,000	13,938	89	8,538,294	8,538,383
Conversion of convertible bonds 28(a)	97,656,221	9,766	63	3,337,534	3,337,597
At 30 June 2021	3,224,365,221	322,437	2,062	21,027,763	21,029,825

- (a) During the six months ended 30 June 2021, the Company issued 34,050,600 and 5,833,800 shares as a result of the exercise of share options by certain directors and other eligible participants, respectively (Note 26(a)), which were granted under the pre-listing share option scheme adopted by the Company in 2018, and raised net proceeds of approximately HKD37,491,000 (equivalent to approximately RMB31,378,000) in total; in addition, the related share-based payments reserve of RMB12,404,000 was transferred to the share premium account as a result of the above exercise of the options.

During the six months ended 30 June 2021, the Company issued 15,071,000 shares as a result of the exercise of share options by certain directors and other eligible participants, respectively (Note 26(b)), which were granted under the share option scheme adopted by the Company in 2020, and raised net proceeds of approximately HKD754,605,000 (equivalent to approximately RMB624,687,000) in total; in addition, the related share-based payments reserve of RMB123,774,000 was transferred to the share premium account as a result of the above exercise of the options.

- (b) On 24 May 2021, the Company issued 139,380,000 shares at a subscription price of HKD75.25 per share and raised net proceeds of approximately HKD10,424,100,000 (equivalent to approximately RMB8,538,383,000) under a private placement.

24. Other reserves

	Statutory reserve RMB'000	Currency translation reserve RMB'000	Share-based payment RMB'000	Others RMB'000	Total RMB'000
At 1 January 2020	216,668	327	36,819	277,767	531,581
Other comprehensive income	—	(441)	—	—	(441)
Transaction with non-controlling interests	—	—	—	(280)	(280)
Employee share schemes					
— value of employee services	—	—	6,203	(2,827)	3,376
— exercise of options	—	—	(32,612)	—	(32,612)
Equity component of convertible bonds	—	—	—	133,924	133,924
At 30 June 2020	216,668	(114)	10,410	408,584	635,548
At 1 January 2021	283,722	(12,743)	239,402	406,970	917,351
Other comprehensive income	—	(80,921)	—	—	(80,921)
Transaction with non-controlling interests	—	—	—	(2,681)	(2,681)
Employee share schemes					
— value of employee services	—	—	107,744	—	107,744
— exercise of options (Note 26)	—	—	(136,178)	—	(136,178)
Equity component of convertible bonds (Note 28(b))	—	—	—	99,365	99,365
Conversion of convertible bonds (Note 28(a))	—	—	—	(133,924)	(133,924)
At 30 June 2021	283,722	(93,664)	210,968	369,730	770,756

25. Retained earnings

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
At 1 January	5,286,787	3,084,657
Profit for the period	2,113,001	1,314,838
Dividends (Note 13)	(703,069)	(416,944)
At 30 June	6,696,719	3,982,551

26. Share-based payments

- (a) In May 2018, the Company granted share options under the pre-listing share option scheme under which the option holders are entitled to acquire an aggregate of 132,948,000 shares of the Company. Pursuant to the terms of pre-listing share option scheme, the options granted are subject to certain performance conditions.

The options granted to the grantees will be vested based on the following rates on the date of the audit report of the Group for the relevant financial year, provided that the vesting conditions above are satisfied in the relevant financial year: (i) 40% of the total number of the share options will be vested in the financial year the Group successfully listed ("Listing Year"); (ii) 30% of the total number of the share options will be vested in the financial year immediately following the Listing Year; and (iii) 30% of the total number of the share options will be vested in the second financial year after the Listing Year. If the vesting conditions above have not been fulfilled during the relevant financial year, the corresponding percentage of the share options granted will lapse.

26. Share-based payments *(Continued)*

(a) *(Continued)*

All the options under the pre-listing share option scheme should be exercisable after vesting but before the expiry of 5 years after the grant date at the exercise price of HKD0.94 per share.

Movements in the number of shares options outstanding are as follows:

	Six months ended 30 June			
	2021		2020	
	Average exercise price in HKD	Number of share options	Average exercise price in HKD	Number of share options
As at 1 January	0.94	42,335,400	0.94	90,815,200
Exercised	0.94	(39,884,400)	0.94	(42,646,000)
As at 30 June	0.94	2,451,000	0.94	48,169,200
Vested and exercisable at 30 June	0.94	—	0.94	5,833,800

During the current period, 39,884,400 share options were exercised (six months ended 30 June 2020: 42,646,000).

The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

The Group has to estimate the expected percentage of grantees that will stay within the Group (the "Expected Retention Rate") of the shares option scheme in order to determine the amount of share-based compensation expenses charged to profit or loss. As at 30 June 2021, the Expected Retention Rate was assessed to be 100% (As at 31 December 2020: 100%).

(b) In September 2020, the Company granted share options under the share option scheme under which the option holders are entitled to acquire an aggregate of 71,500,000 shares of the Company. Pursuant to the terms of the share option scheme, the options granted are subject to certain performance conditions.

The options granted to the grantees will be vested based on the following rates on the date of the audit report of the Group for the relevant financial year, provided that the vesting conditions above are satisfied in the relevant financial year: (i) 40% of the total number of the share options will be vested in the financial year in which the share options are granted (the "Grant Year"); (ii) 30% of the total number of the share options will be vested in the financial year immediately following the Grant Year; and (iii) 30% of the total number of the share options will be vested in the second financial year after the Grant Year. If the vesting conditions above have not been fulfilled during the relevant financial year, the corresponding percentage of the share options granted will lapse.

All the options under the share option scheme should be exercisable after vesting but before the expiry of 5 years after the grant date at the exercise price of HKD50.07 per share.

Movements in the number of shares options outstanding are as follows:

	Six months ended 30 June			
	2021		2020	
	Average exercise price in HKD	Number of share options	Average exercise price in HKD	Number of share options
As at 1 January	50.07	71,500,000	—	—
Exercised	50.07	(15,071,000)	—	—
As at 30 June	50.07	56,429,000	—	—
Vested and exercisable at 30 June	50.07	12,569,000	—	—

26. Share-based payments *(Continued)*

(b) *(Continued)*

During the current period, 15,071,000 share options were exercised (six months ended 30 June 2020: nil).

The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

The Group has to estimate the Expected Retention Rate of the shares option scheme in order to determine the amount of share-based compensation expenses charged to profit or loss. As at 30 June 2021, the Expected Retention Rate was assessed to be 98.9% (As at 31 December 2020: 100%).

- (c) In March 2021, the Company granted share options under the share option scheme under which the option holders are entitled to acquire an aggregate of 1,600,000 shares of the Company. Pursuant to the terms of the share option scheme, the options granted are subject to certain performance conditions.

The options granted to the grantees will be vested based on the following rates on the date of the audit report of the Group for the relevant financial year, provided that the vesting conditions above are satisfied in the relevant financial year: (i) 40% of the total number of the share options will be vested in the financial year in which the share options are granted (the "Grant Year"); (ii) 30% of the total number of the share options will be vested in the financial year immediately following the Grant Year; and (iii) 30% of the total number of the share options will be vested in the second financial year after the Grant Year. If the vesting conditions above have not been fulfilled during the relevant financial year, the corresponding percentage of the share options granted will lapse.

All the options under the share option scheme should be exercisable after vesting but before the expiry of 5 years after the grant date at the exercise price of HKD72.40 per share.

Movements in the number of shares options outstanding are as follows:

	Six months ended 30 June			
	2021		2020	
	Average exercise price in HKD	Number of share options	Average exercise price in HKD	Number of share options
As at 1 January	—	—	—	—
Granted	72.40	1,600,000	—	—
As at 30 June	72.40	1,600,000	—	—
Vested and exercisable at 30 June	72.40	—	—	—

During the current period, no share options were exercised (six months ended 30 June 2020: nil).

The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

The Group has to estimate the Expected Retention Rate of the shares option scheme in order to determine the amount of share-based compensation expenses charged to profit or loss. As at 30 June 2021, the Expected Retention Rate was assessed to be 100% (As at 31 December 2020: 100%).

27. Trade and other payables

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Trade payables (a)		
– Related parties (Note 31)	45,212	20,740
– Third parties	2,620,366	2,152,410
	2,665,578	2,173,150
Other payables		
– Deposits	1,101,958	881,459
– Temporary receipts from properties owners	2,026,577	1,001,916
– Outstanding considerations payable for business combinations	1,536,321	1,079,367
– Payables for transaction costs related to the issue of convertible bonds	28,817	–
– Accruals and others	661,006	586,533
	5,354,679	3,549,275
Dividend payables	703,491	–
Payroll payables	1,341,632	1,464,830
Other taxes payables	310,371	288,367
	10,375,751	7,475,622

As at 30 June 2021 and 31 December 2020, the carrying amounts of trade and other payables approximated their fair values.

(a) The ageing analysis of trade payables based on the invoice date was as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Up to 1 year	2,608,535	2,117,199
1 to 2 years	41,583	44,902
2 to 3 years	9,596	7,082
Over 3 years	5,864	3,967
	2,665,578	2,173,150

28. Convertible bonds

(a) During the six months ended 30 June 2021, all of the convertible bonds issued in 2020 were converted into the Company's shares at the conversion price of HKD39.68 per share and cancelled upon the exercise of the conversion rights by the bondholders. As a result, a total number of 97,656,221 shares of the Company were issued and credited as fully paid.

28. Convertible bonds *(Continued)*

- (b) On 24 May 2021, a wholly owned subsidiary of the Company, Best Path Global Limited, UBS AG Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited and Morgan Stanley & Co. International plc as the managers entered into a subscription agreement for HKD-settled zero coupon convertible bonds in an aggregate principal amount of HKD5,038,000,000 (equivalent to approximately RMB4,143,251,000) due 1 June 2022, with an initial conversion price of HKD97.83 per share. On 3 June 2021 (the "Issue Date"), the convertible bonds were issued. The net proceeds from the issue of the convertible bonds were approximately RMB4,114,311,000, after the deduction of transaction costs approximately RMB28,940,000. The initial value of the liability component of approximately RMB4,014,946,000 (the fair value was calculated using a market interest rate for equivalent non-convertible bonds) is subsequently stated at amortised cost until conversion or maturity of the bonds. The residual amount, representing the value of the equity conversion component, is accounted for as a conversion option reserve included in other reserves.

The convertible bonds recognised are calculated as follows:

	At 30 June 2021 RMB'000
Face value of the convertible bonds on the Issue Date	4,143,251
Less: transaction costs	(28,940)
Net proceeds	4,114,311
Less: equity component (Note 24)	(99,365)
Liability component on initial recognition	4,014,946
Currency translation differences	47,335
Borrowing costs accrued	9,676
Liability component at 30 June 2021	4,071,957

Borrowing costs on the liability component of the convertible bonds were calculated using the effective interest method, applying the effective interest rate of 3.10% per annum.

The convertible bonds guaranteed by the Company.

Up to 30 June 2021, there has been no conversion or redemption of the convertible bonds.

29. Bank and other borrowings

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Non-current liabilities: – secured	295,669	247,584
Included in current liabilities: – secured – unsecured	175,979 188,578	357,315 4,500
	364,557	361,815
Total bank and other borrowings	660,226	609,399

The Group's borrowings as at 30 June 2021 of RMB660,226,000 (2020: RMB609,399,000) were mainly secured by several city services projects and certain equipment of the Group with total carrying values of RMB269,229,000 (2020: RMB382,985,000) and pledged by trade receivables with total carrying values of RMB1,511,778,000 (2020: RMB1,458,748,000).

At 30 June 2021, the Group's bank and other borrowings were repayable as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 year	364,557	361,814
Over 1 year and within 2 years	41,645	21,041
Over 2 years and within 5 years	34,324	77,194
Over 5 years	219,700	149,350
	660,226	609,399

The weighted average effective interest rate for the period ended 30 June 2021 was 5.58% (2020: 5.51%) per annum.

The carrying amounts of the bank and other borrowings are denominated in RMB.

The carrying amount of the current borrowings approximate their fair value, as the impact of discounting using a current borrowing rate is not significant.

30. Business combinations

As at 30 June 2021, the Group has acquired 94.62% equity interest in Sichuan Languang Justbon Services Group Company Limited ("Justbon Services") from third parties at a cash consideration of RMB7,224,843,000. The Group also acquired several other property management companies from third parties during the period at an aggregate cash considerations of RMB137,906,000. The above acquired companies have been accounted for as subsidiaries of the Group since their respective acquisition dates.

30. Business combinations *(Continued)*

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

	Justbon Services RMB'000	Others RMB'000	Total RMB'000
Total purchase considerations			
– Cash considerations:	7,224,843	137,906	7,362,749
Settled up to 30 June 2021	6,709,558	–	6,709,558
Outstanding as at 30 June 2021	515,285	137,906	653,191
	7,224,843	137,906	7,362,749
Total recognised amounts of identifiable assets acquired and liabilities assumed are as follows:			
– Property, plant and equipment (Note 14)	58,901	5,438	64,339
– Right-of-use assets (Note 15)	12,155	796	12,951
– Investment properties (Note 16)	33,068	–	33,068
– Intangible assets (Note 17)	2,084,694	–	2,084,694
– Investments accounted for using the equity method (Note 18)	1,948	–	1,948
– Deferred income tax assets	25,587	–	25,587
– Inventories	18,009	333	18,342
– Trade and other receivables	1,408,859	87,913	1,496,772
– Restricted bank deposits	11,897	–	11,897
– Cash and cash equivalents	1,783,536	35,632	1,819,168
– Lease liabilities	(12,155)	(796)	(12,951)
– Deferred income tax liabilities	(583,398)	–	(583,398)
– Contract liabilities	(598,401)	(4,661)	(603,062)
– Trade and other payables	(1,530,569)	(92,011)	(1,622,580)
– Current income tax liabilities	(96,292)	(345)	(96,637)
Total identifiable net assets acquired	2,617,839	32,299	2,650,138
Non-controlling interests	(293,571)	(3,503)	(297,074)
Goodwill (Note 17)	4,900,575	109,110	5,009,685
	7,224,843	137,906	7,362,749
Outflow of cash to acquire business, net of cash acquired:			
Partial settlement of cash considerations	6,709,558	–	6,709,558
Less: Cash and cash equivalents in the subsidiaries acquired	(1,783,536)	(35,632)	(1,819,168)
Net cash outflow on acquisitions	4,926,022	(35,632)	4,890,390

- (a) Intangible assets including identified property management contracts and customer relationships of approximately RMB688,209,000 and brand of approximately RMB1,319,904,000 in relation to the acquisitions have been recognised by the Group respective (Note 17). The fair value of the acquired intangible assets is provisional pending receipt of the final valuations for those assets.
- (b) The goodwill arose from the acquisitions was mainly attributable to the expected synergies from combining the operations of the Group and the acquired entities.
- (c) The Group recognises the non-controlling interests in each acquired entity at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

31. Related party transactions

(a) Ultimate controlling shareholder

The Company is ultimately controlled by Ms. Yang Huiyan (the “Ultimate Controlling Shareholder”).

(b) Transactions with related parties

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Provision of services		
– Entities controlled by the Ultimate Controlling Shareholder	1,006,000	598,864
– Entities jointly controlled by the Ultimate Controlling Shareholder	81,154	66,693
– Entities over which the Ultimate Controlling Shareholder has significant influence	30,724	22,483
	1,117,878	688,040
Purchase of goods and services		
– Entities controlled by the Ultimate Controlling Shareholder	16,483	16,055
– Entities controlled by close relatives of the Ultimate Controlling Shareholder	14,484	1,724
	30,967	17,779
Addition of investment properties		
– Entities controlled by the Ultimate Controlling Shareholder	327,255	–
– Entities jointly controlled by the Ultimate Controlling Shareholder	591,305	–
	918,560	–
Interest expenses on lease liabilities		
– Entities controlled by the Ultimate Controlling Shareholder	2,673	–
– Entities jointly controlled by the Ultimate Controlling Shareholder	4,829	–
	7,502	–

31. Related party transactions *(Continued)*

(b) Transactions with related parties *(Continued)*

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Repayment of lease liabilities		
– Entities controlled by the Ultimate Controlling Shareholder	4,762	–
– Entities jointly controlled by the Ultimate Controlling Shareholder	10,652	–
	15,414	–
Acquisition of assets		
– Entities controlled by the Ultimate Controlling Shareholder	12,800	–
– Entities jointly controlled by the Ultimate Controlling Shareholder	5,800	–
	18,600	–

The prices for the above service fees and other transactions were determined in accordance with the terms mutually agreed by the contract parties.

(c) Free trademark license agreement

A trademark licencing agreement was entered into between the Company and a subsidiary of CGH, Foshan Shunde Country Garden Property Development Company Limited (“Foshan Shunde”) and a deed of trademark licencing was entered into between the Company and CGH (the “Trademark Licencing Arrangement”). Pursuant to the Trademark Licencing Arrangement, Foshan Shunde agreed and CGH would procure Foshan Shunde to irrevocably and unconditionally grant to the Group a non-transferable licence to use several trademarks registered in the PRC and Hong Kong for a perpetual term commencing from the date of the Trademark Licencing Agreement and the deed of trademark licencing, which are subject to the renewal of the licenced trademarks, on a royalty-free basis.

(d) Key management compensation

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Salaries, bonus, share-based compensation expenses and other employee benefits	55,982	15,796

31. Related party transactions *(Continued)*

(e) Balances with related parties

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Receivables from related parties		
Trade receivables		
– Entities controlled by the Ultimate Controlling Shareholder	118,159	154,060
– Entities over which the Ultimate Controlling Shareholder has significant influence	13,997	9,712
– Entities jointly controlled by the Ultimate Controlling Shareholder	8,313	14,945
– Entities controlled by the close relatives of the Ultimate Controlling Shareholder	–	440
	140,469	179,157
Payables to related parties		
Trade payables		
– Entities controlled by the Ultimate Controlling Shareholder	40,961	20,055
– Entities jointly controlled by the Ultimate Controlling Shareholder	4,224	–
– Entities over which the Ultimate Controlling Shareholder has significant influence	27	208
– Entities controlled by close relatives of the Ultimate Controlling Shareholder	–	477
	45,212	20,740





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