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**銀城生活服務有限公司**  
YINCHENG LIFE SERVICE CO., LTD.

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1922)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021**

### **HIGHLIGHTS**

- Revenue for the six months ended 30 June 2021 was approximately RMB587.7 million, representing an increase of approximately 41.0% as compared to approximately RMB416.9 million for the six months ended 30 June 2020.
- Gross profit for the six months ended 30 June 2021 was approximately RMB97.8 million, representing an increase of approximately 20.1% as compared to approximately RMB81.5 million for the six months ended 30 June 2020. Gross profit margin for the six months ended 30 June 2021 was approximately 16.6%, indicating a decrease of approximately 2.9 percentage points as compared to the six months ended 30 June 2020.
- Profit for the six months ended 30 June 2021 was approximately RMB44.0 million, indicating an increase of approximately 47.2% as compared to approximately RMB29.9 million for the six months ended 30 June 2020. Net profit margin for the six months ended 30 June 2021 was approximately 7.5%, indicating an increase of approximately 0.3 percentage points as compared to the six months ended 30 June 2020.
- As at 30 June 2021, the contracted GFA of the Group's property management services was approximately 50.9 million sq.m., representing an increase of approximately 36.5% as compared to approximately 37.3 million sq.m. as at 30 June 2020.
- As at 30 June 2021, the GFA under management of the Group's property management services was approximately 49.0 million sq.m., representing an increase of approximately 45.4% as compared to approximately 33.7 million sq.m. as at 30 June 2020.
- As at 30 June 2021, the Group's cash and cash equivalents amounted to approximately RMB275.0 million.

## INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”, each a “**Director**”) of Yincheng Life Service CO., Ltd. (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated financial information of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2021 with comparative figures for the six months ended 30 June 2020.

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
<b>REVENUE</b>	4	<b>587,653</b>	416,870
Cost of sales		<b>(489,813)</b>	(335,417)
<b>GROSS PROFIT</b>		<b>97,840</b>	81,453
Other income and gains	4	<b>4,893</b>	7,081
Selling and distribution expenses		<b>(2,438)</b>	(2,178)
Administrative expenses		<b>(28,844)</b>	(28,408)
Other expenses		<b>(195)</b>	(216)
Impairment losses on financial assets, net		<b>(7,035)</b>	(8,124)
Finance costs		<b>(5,875)</b>	(4,372)
Share of profits and losses of:			
Joint ventures		<b>186</b>	–
Associates		<b>217</b>	(1,357)
<b>PROFIT BEFORE TAX</b>		<b>58,749</b>	43,879
Income tax expense	5	<b>(14,720)</b>	(13,958)
<b>PROFIT FOR THE PERIOD</b>		<b>44,029</b>	29,921
Profit attributable to:			
Owners of the parent		<b>40,191</b>	29,536
Non-controlling interests		<b>3,838</b>	385
		<b>44,029</b>	29,921
<b>EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY</b>			
<b>EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted (RMB)	7	<b>0.15</b>	0.11

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>PROFIT FOR THE PERIOD</b>	<b><u>44,029</u></b>	<b><u>29,921</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of foreign operations	<u>(236)</u>	<u>1,938</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>(236)</u></b>	<b><u>1,938</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>43,793</u></b>	<b><u>31,859</u></b>
Total comprehensive income attributable to:		
Owners of the parent	<u>39,955</u>	<u>31,474</u>
Non-controlling interests	<u>3,838</u>	<u>385</u>
	<b><u>43,793</u></b>	<b><u>31,859</u></b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2021*

	<i>Notes</i>	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>28,972</b>	23,803
Investment properties		<b>29,919</b>	29,919
Right-of-use assets		<b>6,891</b>	1,459
Goodwill		<b>28,183</b>	26,179
Intangible assets		<b>24,235</b>	25,977
Investment in an associate		<b>3,982</b>	2,965
Investment in joint ventures		<b>3,057</b>	2,870
Deferred tax assets		<b>7,898</b>	6,007
		<hr/>	<hr/>
Total non-current assets		<b>133,137</b>	119,179
<b>CURRENT ASSETS</b>			
Inventories		<b>3,811</b>	4,903
Trade receivables	8	<b>225,556</b>	127,836
Due from related companies		<b>144,872</b>	95,383
Prepayments, deposits and other receivables		<b>85,578</b>	61,724
Financial assets at fair value through profit or loss (“FVTPL”)		<b>12,467</b>	5,112
Cash and cash equivalents		<b>275,024</b>	566,915
		<hr/>	<hr/>
Total current assets		<b>747,308</b>	861,873

		<b>30 June</b>	31 December
		<b>2021</b>	2020
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	9	35,762	24,203
Other payables, deposits received and accruals		222,978	194,661
Contract liabilities		204,597	233,982
Due to related companies		82,819	16,074
Interest-bearing bank borrowings		82,000	280,000
Lease liabilities		2,205	1,469
Tax payable		7,482	10,634
		<u>637,843</u>	<u>761,023</u>
<b>Total current liabilities</b>		<b>637,843</b>	<b>761,023</b>
<b>NET CURRENT ASSETS</b>			
		<u>109,465</u>	<u>100,850</u>
<b>TOTAL ASSETS LESS</b>			
<b>CURRENT LIABILITIES</b>			
		<u>242,602</u>	<u>220,029</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		6,629	38
Deferred tax liabilities		10,068	10,520
Due to a non-controlling shareholder		5,900	13,900
		<u>22,597</u>	<u>24,458</u>
<b>Total non-current liabilities</b>		<b>22,597</b>	<b>24,458</b>
<b>NET ASSETS</b>			
		<u>220,005</u>	<u>195,571</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	10	2,387	2,387
Reserves		190,544	171,040
		<u>27,074</u>	<u>22,144</u>
<b>Non-controlling interests</b>		<b>27,074</b>	<b>22,144</b>
<b>TOTAL EQUITY</b>			
		<u>220,005</u>	<u>195,571</u>

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The registered office address of the Company is Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman KY1-1104, the Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries now comprising the Group are principally engaged in the provision of property management and value-added services for the living community. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 6 November 2019.

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, so it should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39 and  
IFRS 7 IFRS 4 and IFRS 16  
Amendment to IFRS 16

*Interest Rate Benchmark Reform – Phase 2*

*Covid-19-Related Rent Concessions beyond  
30 June 2021 (early adopted)*

The application of these amendments in the current interim period did not have any significant impact on the interim condensed consolidated financial statements.

#### 4. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the property management services and community value-added services for the six months ended 30 June 2021.

An analysis of revenue and other income and gains is as follows:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue from contracts with customers</b>		
Property management services	<b>461,750</b>	336,333
Community value-added services	<b>125,690</b>	80,409
	<hr/>	<hr/>
<b>Revenue from other sources</b>		
Gross rental income	<b>213</b>	128
	<hr/>	<hr/>
	<b>587,653</b>	416,870
	<hr/> <hr/>	<hr/> <hr/>
<b>Revenue from contracts with customers</b>		
<b>Represented by:</b>		
Revenue from property management service:		
Recognised over time	<b>461,750</b>	336,333
	<hr/>	<hr/>
Revenue from community value-added service:		
Recognised over time	<b>97,823</b>	58,893
Recognised at a point in time	<b>27,867</b>	21,644
	<hr/>	<hr/>
	<b>587,440</b>	416,870
	<hr/> <hr/>	<hr/> <hr/>





## 5. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits arising from Hong Kong during the period.

The People's Republic of China (the "PRC") corporate income tax has been provided at the rate of 25% on the taxable profits of the Group's PRC subsidiaries for the period. Some subsidiaries are qualified as small low-profit enterprises and thus subject to a preferential tax rate of 10% for the period.

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Current tax:		
PRC corporate income tax	<b>17,063</b>	14,793
Deferred tax	<b>(2,343)</b>	(835)
	<u>14,720</u>	<u>13,958</u>
Total tax charge for the period	<b><u>14,720</u></b>	<b><u>13,958</u></b>

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective income tax rate for each reporting period is as follows:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Profit before tax	<b>58,749</b>	43,879
At the statutory income tax rate	<b>14,687</b>	10,970
Effect of different tax levy enacted by local authorities	<b>(1,371)</b>	(444)
Expenses not deductible for tax	<b>169</b>	649
Tax losses utilised from previous periods	–	(7)
Deductible temporary differences not recognised	–	97
Tax losses not recognised	<b>1,235</b>	2,693
	<u>14,720</u>	<u>13,958</u>
	<b><u>14,720</u></b>	<b><u>13,958</u></b>

## 6. DIVIDENDS

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Final declared and paid		
– HK9.2 cents (2020: HK4.2 cents) per ordinary share	<b>20,451</b>	10,236

On 22 March 2021, the Board declared 2020 final dividend of HK9.2 cents (2019 final dividend: HK4.2 cents) per ordinary share, amounting to a total of approximately RMB20,451,000 (six months ended 30 June 2020: RMB10,236,000).

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

## 7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 267,152,000 (2020: 267,152,000) in issue during the period, as adjusted to reflect the rights issue during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic earnings per share are based on:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	<b>40,191</b>	29,536
	<b>Number of shares</b>	
	<b>2021</b>	2020
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	<b>267,152,000</b>	267,152,000

## 8. TRADE RECEIVABLES

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Trade receivables	<b>246,972</b>	142,272
Impairment	<b>(21,416)</b>	(14,436)
	<b><u>225,556</u></b>	<u>127,836</u>

Trade receivables mainly arise from property management services. The Group's trading terms with its customers are mainly on credit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to customers are reviewed once a month. In view of those mentioned above and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the date of revenue recognition and net of loss allowance, is as follows:

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Within 1 year	<b>216,220</b>	121,065
Over 1 year and within 2 years	<b>8,148</b>	5,875
Over 2 years and within 3 years	<b>1,188</b>	896
	<b><u>225,556</u></b>	<u>127,836</u>

## 9. TRADE PAYABLES

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

	<b>30 June 2021 <i>RMB'000</i> (Unaudited)</b>	31 December 2020 <i>RMB'000</i> (Audited)
Within 1 year	34,777	23,370
Over 1 year	985	833
	<u>35,762</u>	<u>24,203</u>

## 10. SHARE CAPITAL

	<b>30 June 2021 <i>HK\$'000</i> (Unaudited)</b>	31 December 2020 <i>HK\$'000</i> (Audited)
Authorised: 2,000,000,000 (2020: 2,000,000,000) ordinary shares of HK\$0.01 each	<u>20,000</u>	<u>20,000</u>
	<b>30 June 2021 <i>RMB'000</i> (Unaudited)</b>	31 December 2020 <i>RMB'000</i> (Audited)
Issued and fully paid: 267,152,000 (2020: 267,152,000) ordinary shares at HK\$0.01 each	<u>2,387</u>	<u>2,387</u>

## CHAIRMAN’S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present to you the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2021 (the “**Period Under Review**”), with business development review and outlook.

### REVIEW FOR THE FIRST HALF OF THE YEAR

Looking back to the recent years and first half of 2021, the property management industry in the PRC as a whole continued to grow in terms of both social and capital market interests. From being raised to the national strategy level to being included in the Outline of the 14th Five-Year Plan issued by the State Council, we can see that the social value of property management has been highly recognised by the market. With the implementation of the “Circular on Strengthening and Improving the Administration of Residential Property 《關於加強和改進住宅物業管理工作的通知》” jointly promulgated by ten governmental authorities, including the Ministry of Housing and Urban-Rural Development, at the beginning of 2021, supportive administrative policies have been gradually rolled out to support the establishment of property owners associations, expansion of property management coverage and enhancement of value-added services such as home-based elderly care so as to encourage property management companies to support the redevelopment of old urban area, which will help the industry to develop towards a healthier and more sustainable path with higher service quality. At the same time, under the model of survival of the fittest, high-quality property management companies with strength and recognition from property owners will be able to stand out and maintain organic growth. As a reputable property management service provider in the PRC with over 20 years of industry experience, the Group continued to benefit from the business model it adopts and quality services it provides and gained high recognition from property owners and the market, which further consolidated our position as a regional leader in the industry.

During the Period Under Review, the Group’s operating results maintained a steady growth and recorded a revenue of approximately RMB587.7 million, representing a significant period-on-period increase of approximately 41.0%. Profit attributable to owners of the Company was approximately RMB40.2 million, representing a period-on-period increase of approximately 36.1% while gross profit margin and net profit margin were approximately 16.6% and 7.5%, respectively. Among which, revenue generated from the provision of property management services amounted to approximately RMB461.8 million, representing a period-on-period increase of approximately 37.3%, while revenue generated from the provision of community value-added services amounted to approximately RMB125.7 million, representing a period-on-period increase of approximately 56.3%.

In terms of business development, the GFA under management of the Group increased by approximately 10 million sq.m. to approximately 49.0 million sq.m. during the Period Under Review, representing a significant period-on-period increase of approximately 45.4% or an increase of approximately 25.2% from that at the year-end of 2020. Among which, the proportion of GFA under management secured from third-party property developers to the Group's total GFA under management further increased by approximately 2.4 percentage points to a high level of approximately 84.2% from the corresponding period in 2020. This is a recognition of the Group's brand and operational capabilities by the market, and has become the driver for us to continuously enhance our external expansion capabilities in order to maintain long-term and stable development. As at 30 June 2021, the Group provided property management services in 19 cities and managed 636 properties, including 385 residential properties (of which, 177 properties were in old urban areas) and 251 non-residential properties, serving over 450,000 households which cover over 1.4 million customers.

The Group adopted a two-pronged strategy, namely "stabilising inventory" and "expanding contract volume", to ensure a stable and orderly development of our business. In terms of stabilising inventory, leveraging the Group's quality services and sound operations, the renewal rate of existing clients remained at high level at approximately 92.9%. The integrated collection rate (i.e. the proportion of actual amount received from the property management fees receivable for the year) in respect of our residential properties customers for the current period was approximately 64.6%. As we have entered the collection peak in second half of the year, the Group is confident that the collection rate and prepayment rate can remain at over 90% and 40%, respectively. For expanding contract volume, the Group secured new contracts through three channels, including direct engagement by customers, acquisition of property management companies and winning public tenders. During the Period Under Review, the Group had a net increase of 267 new projects under management, of which 191 projects were directly engaged, 15 projects were acquired through acquisition, and 61 projects were awarded through tender.

Residential projects are the foundation of the Group's development and basis for the Group to expand its scale and enhance its brand awareness. As at 30 June 2021, residential GFA under management of the Group amounted to approximately 38.4 million sq.m., representing a period-on-period increase of approximately 47.1%, showing a good growth momentum. As non-residential projects have stricter requirements on management level and experience, gross profit margin for these projects are higher, thus has become the focusing segment of the Group in recent years. As at 30 June 2021, non-residential GFA under management of the Group amounted to approximately 10.6 million sq.m., with the number of non-residential property projects increased by approximately 39.2% to 215 projects, and the total annualised contract value amounted to approximately RMB470.0 million. In particular, the Group successfully acquired Nanjing HuiRen HengAn Property Management Co., Ltd.\* (南京匯仁恒安物業管理有限公司) last year which has accomplished its business objectives while also secured new engagements from five hospital institutions during the Period Under Review, hence further consolidated the Group's leading position in the hospital property management market. The Group has also won property management projects at various landmarks, such as the Nanjing City Wall and Jinling Museum, which will help to enhance the Group's reputation and brand

image. In February this year, the Group also established a joint venture company to tap into the property management market of large shopping malls and commercial streets. We expect to accumulate experience from these projects which can help us to acquire more customers of similar type in the future and expand our source of revenue.

Since its establishment, the Group has been adhering to the strategy of further developing the market in the Yangtze River Delta Megalopolis and bringing the advantage of its centralised regional development strategy into full play, and we have been expanding our business coverage with our strategy of “increasing our presence in Nanjing, expanding the market in the southern part of the Jiangsu Province and exploring the market in Huaihai district”. At present, the Group manages 309 residential projects and 186 non-residential projects in Nanjing, including projects on Ninghai Road Street, Hunan Road Street and other new large-scale urban renewal projects that involved a total of 177 residential communities. These communities have approximately 30,000 households in average, providing the Group with a large potential user base for its various community value-added services in the future. At the same time, the Group has stepped up its efforts in expanding its business in regions other than Nanjing since last year, and has achieved remarkable results. Currently, the Group’s GFA under management in regions other than Nanjing has exceeded 18.3 million sq.m., representing a significant period-on-period increase of approximately 75.6%, and has further increased its proportion to the total GFA under management to approximately 37.4%, showing that the Group was able to replicate its success in Nanjing to other regions.

In terms of community value-added services where the main purpose is to maintain customer satisfaction, the Group is determined to provide value-added services only where there is a strong demand, of which successful examples include fitness training, pick-up lockers, electric vehicle charging, home renovation and group catering services. During the first half of 2021, the Group launched home-based elderly care services in response to the favourable “property+ elderly care” policy and the needs of property owners, and has become a pilot entity in Nanjing. At the same time, benefiting from the presence of our projects in Nanjing, the Group’s electric scooter battery swap services launched at the end of 2020 has developed rapidly during the first half of the year. At present, the Group has built more than 270 smart battery swapping stations in Nanjing, with more than 2,700 registered active riders, which we believe this business can start generating considerable profit for the Group after one to two years of the implementation period.

With the rapid expansion of its business scale, the Group has adopted a combination of internal training and external recruitment to address the urgent need of talents. Through a clear and transparent promotion and incentive mechanism and comprehensive training, the Group not only attracts and retains talented people, but also maintains the stability of service quality. Currently, the Group has more than 500 living consultants, which can effectively respond to the needs of property owners through a management network.

The Group is highly recognised in the industry for its significant growth in management scale, industry-leading service quality, excellent customer reputation and business development. We ranked 18th among the top 100 property service enterprises in China in 2021 and the first on the 2020 Nanjing Property Credit Ranking List (2020年度南京物業信用榜).

## **OUTLOOK FOR THE SECOND HALF OF THE YEAR**

In recent years, the property management industry is in its golden period of rapid growth and development with its prospects being highly recognised. According to the industry data provided by an independent third party, it is expected that the market size of China's property management industry will exceed RMB1.5 trillion by 2022. Due to the high certainty and predictability of performance growth, the property management industry continuously draws great attention in the capital market. As of June this year, there were more than 50 property management enterprises listed on the Main Board of the Stock Exchange.

As the social value and contribution of the property management industry have been highly recognised by the society, local governments have gradually put their support for the property management industry into practice where by assisting property management enterprises to participate in urban management and urban renewal, it has become a powerful source of support for public management. In April 2021, the Nanjing Municipal Development and Reform Commission and the Nanjing Real Estate Bureau officially issued the Notice on the Preliminary Property Public Service Level and Fees Standard of Ordinary Residential Properties in Nanjing City (《南京市普通住宅前期物業公共服務等級和收費標準的通知》) which proposes to increase the upper limit of the guiding property management fees for newly constructed ordinary residential properties by 36.8% to RMB2.6 per sq.m. This was the first time in a decade that the standard property management fees in Nanjing were raised, which would help the Group to acquire better prices for second-hand property management projects in the future, thereby driving revenue and profit growth. The Notice on Continual Political Regulation of the Real Estate Market Order (《關於持續政治規範房地產市場秩序的通知》) issued by eight ministries and commissions including the Ministry of Housing and Urban-Rural Development in July will promote the transparency and standardisation of property services in terms of service content and price. It is apparent that it has become a trend for property management companies to provide high-quality services in exchange for market-oriented revenue as returns to achieve “matching quality and price”. As a property management enterprise which has early achieved high marketisation, the Group is pleased to see the changes in the industry and becomes more steadfast in its market-oriented development strategy as it firmly believes that the quality of customer service market will be the focus of competition in the future. Yincheng Life Service is committed to becoming a “second-hand property management expert”. Through years of attempts, adjustments and efforts, we have established a comprehensive external expansion and operation model with corporate characteristics, and are confident that we will continue to stand out in the broad market and gain more market share.



Looking ahead to the second half of the year, the Group will strive to achieve its annual performance target in accordance with the established strategy. In terms of business development, the Group will continue to focus on market expansion and identify high-quality merger and acquisition targets that can bring along real synergies for expanding our business scale. We will strive to acquire more projects outside Nanjing and quickly develop economies of scale and brand impact in the local areas. We will also incorporate more residential projects into our community value-added services to enhance the residents' well-being, while different types of "Industry+" services are sought to be offered to customers of non-residential projects in order to provide protection for non-residential customers and allowing them to realise greater business value. With the rapid increase in the number of projects, the Group has established a comprehensive talent training system, and we will step up our effort in second half of the year to reserve high-quality talents for sustainable development in the future.

The Group believes that, by adhering to the concept of "reputation comes first, operation is the key", establishing presence in the Yangtze River Delta Megalopolis to give full play to the strategic advantages of regional centralisation and adopting a multi-pronged management approach, the Group will be able to seize the favourable policy and market opportunities. The Group can then expand its scale, maintain long-term sustainable development, improve profitability and deliver greater returns to the shareholders of the Company.

**Yincheng Life Service CO., Ltd.**  
**XIE Chenguang**  
*Chairman*

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Overview

The Group is an established property management service provider in the PRC with over 20 years of industry experience that engages in the provision of diversified property management services and community value-added services. As at 30 June 2021, the Group's property management services covered 19 PRC cities, including 12 cities in the Jiangsu Province and 7 cities in other provinces in the Yangtze River Delta Megalopolis, with the gross floor area ("GFA") under management reaching approximately 49.0 million sq.m. The Group managed 636 properties, including 385 residential properties (of which 177 properties were in old urban areas) and 251 non-residential properties, serving over 450,000 households as at 30 June 2021.

The Group's business covers a wide spectrum of properties, including residential properties and non-residential properties covering government facilities, financial institutions, property sales offices, medical institutions, commercial complex, parks, transportation facilities, industrial parks, mixed-use properties, schools and office buildings. The Group operates its business along two main business lines, namely the provision of (i) property management services; and (ii) community value-added services. Leveraging on the Group's business scale, operational efficiency, excellent service quality, development potential and social responsibility, the Group obtained various awards in 2021 including being ranked 18th in China Top 100 Property Management Companies\* (中國物業服務百強企業).

The Group adheres to its business motto of "Surpassing Customers' Expectations and Creating Value with Quality Services (超越顧客期待，服務創造值)" and service concept of "Living+ (生活+)" and "Industry+ (產業+)", and has adopted the business model of "Service alignment, Business modularisation, Modules specialisation and Management digitalisation (服務網格化、業務模塊化、模塊專業化、管理數據化)" to serve and create value for its customers with quality property management services.

#### Property Management Services

The Group provides a wide range of property management services to its customers that comprises security services, cleaning services, car park management, repair and maintenance of specialised elevators, escalators and mechanical car park equipment, gardening and landscaping services, daily repair and maintenance of equipment and machinery and ancillary customer services. As at 30 June 2021, the Group's portfolio of managed properties includes both residential properties and non-residential properties which cover, among others, government facilities, financial institutions and property sales offices.

### ***The contracted GFA and GFA under management***

As at 30 June 2021, the Group's contracted GFA was approximately 50.9 million sq.m., representing an increase of approximately 36.5% as compared to its contracted GFA at approximately 37.3 million sq.m. as at 30 June 2020. The increase was mainly attributable to an increase in the number of projects undertaken by the Group from its new customers and existing customers leveraging on the Group's solid reputation, customers' recognition and market strength.

As at 30 June 2021, the Group's GFA under management was approximately 49.0 million sq.m., representing an increase of approximately 45.4% as compared to its GFA under management at approximately 33.7 million sq.m. as at 30 June 2020. The increase was mainly attributable to the Group's solid and high quality services and market reputation which enables the Group to have a competitive advantage in the industry, leading to it being able to secure engagement as the property management service provider for (i) properties that are yet to be delivered to owners during its preliminary stage from property developers; and (ii) completed properties from property owners' associations and property developers by replacing the then existing property management service providers.

The Group obtained projects through three channels including public tenders, direct engagement and acquisition of property management companies. In view of the Group's strong market expansion capabilities, the number of new contracted projects undertaken from property owners' associations accounted for a larger proportion as compared to those undertaken from property developers, and such contracted projects have quickly become the Group's projects under management a few months after the Group has been engaged as the property management service provider. As such, the Group's contracted GFA and GFA under management were similar.

The Group had 636 managed properties as at 30 June 2021, representing an increase of approximately 107.2% or 329 managed properties as compared to its 307 managed properties as at 30 June 2020.

The table below sets out the Group's (i) contracted GFA; (ii) GFA under management; (iii) number of contracted properties; and (iv) number of managed properties, as at the dates indicated:

	<b>As at 30 June</b>		<b><i>Increase/ (decrease)</i></b>
	<b>2021</b>	<b>2020</b>	
Contracted GFA <sup>(Note)</sup> ('000 sq.m.)	50,910	37,312	36.5%
GFA under management <sup>(Note)</sup> ('000 sq.m.)	49,000	33,720	45.4%
Number of contracted properties	654	328	99.4%
Number of managed properties	636	307	107.2%

*Note:* The above GFA excludes service engagements solely for the provision of repair and maintenance of specialised elevators, escalators and mechanical car park equipment and gardening and landscaping services, without engaging the Group for other property management services.

## Geographical Coverage

The Group has grown from a local property management service provider in Nanjing to one of the leading property management service providers in both Nanjing and the Jiangsu Province. As at 30 June 2021, our property management services covered 19 PRC cities, including 12 cities in the Jiangsu Province and 7 cities in other provinces in the Yangtze River Delta Megalopolis. The Group has been actively expanding its business to cities other than Nanjing in recent years and has made a great progress. As at 30 June 2021, the Group's GFA under management from the Yangtze River Delta Megalopolis excluding Nanjing significantly increased by approximately 75.6% period-on-period, and amounted to approximately 37.4% (30 June 2020: 31.0%) of the Group's total GFA under management.

The table below sets out the breakdown of (i) the Group's GFA under management; and (ii) the number of the Group's managed properties by geographic region as at the dates indicated:

	GFA under management <i>(Note)</i> <i>('000 sq.m.)</i>	As at 30 June		GFA under management <i>(note)</i> <i>('000 sq.m)</i>	Number of managed properties
		2021 <i>Increase</i>	2020 <i>Increase</i>		
Nanjing	30,663	31.7%	495	107.1%	239
Yangtze River Delta Metropolis (excluding Nanjing)	<u>18,337</u>	75.6%	<u>141</u>	107.4%	<u>68</u>
<b>Total</b>	<b><u>49,000</u></b>	<b>45.4%</b>	<b><u>636</u></b>	<b>107.2%</b>	<b><u>307</u></b>

*Note:* The above GFA excludes service engagements solely for the provision of repair and maintenance of specialised elevators, escalators and mechanical car park equipment and gardening and landscaping services, without engaging the Group for other property management services.

The table below sets out the breakdown of the Group's property management services revenue by geographic region for the periods indicated:

	Six months ended 30 June			
	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Nanjing	365,594	79.2	276,006	82.1
Yangtze River Delta Metropolis (excluding Nanjing)	96,156	20.8	60,327	17.9
<b>Total</b>	<b>461,750</b>	<b>100.0</b>	<b>336,333</b>	<b>100.0</b>

### ***Types of Property Management Services***

The Group provides property management services in respect of both residential and non-residential properties. As at 30 June 2021, the non-residential properties comprise 11 types of properties, namely government facilities, financial institutions, property sales offices, medical institutions, commercial complex, parks, transportation facilities, industrial parks, mixed-use properties, schools and office buildings.

While the provision of property management services in respect of residential properties is still the foundation of the Group's revenue generation and scale expansion, the Group is seeking to improve its brand awareness in the non-residential sector by diversifying its service provided to include other types of non-residential properties, optimising its project portfolio and adjusting its business structure. The Group's provision of property management services in respect of non-residential properties has grown rapidly and reached 251 properties as at 30 June 2021, representing an increase of approximately 52.1% period-on-period.

The table below sets out the breakdown of (i) the Group's GFA under management; and (ii) the number of the Group's managed properties by property types as at the dates indicated:

	Six months ended 30 June					
	2021			2020		
	GFA under management <i>Note</i> ( <i>'000 sq.m.</i> )	<i>Increase</i>	Number of managed properties	<i>Increase</i>	GFA under management <i>Note</i> ( <i>'000 sq.m.</i> )	Number of managed properties
Residential properties	38,382	47.1%	385	171.1%	26,090	142
%	78.3				77.4	
Non-residential properties	10,618	39.2%	251	52.1%	7,630	165
%	21.7				22.6	
<b>Total</b>	<b>49,000</b>	<b>45.4%</b>	<b>636</b>	<b>107.2%</b>	<b>33,720</b>	<b>307</b>

*Note:* The above GFA excludes service engagements solely for the provision of repair and maintenance of specialised elevators, escalators and mechanical car park equipment and gardening and landscaping services, without engaging the Group for other property management services.

The table below sets out the breakdown of the Group's revenue and gross profit margin from property management services by property types for the periods indicated:

	Six months ended 30 June					
	2021			2020		
	Revenue <i>RMB'000</i>	%	Gross profit margin %	Revenue <i>RMB'000</i>	%	Gross profit margin %
Residential properties	242,935	52.6	6.7	181,528	54.0	10.2
Non-residential properties	218,815	47.4	16.4	154,805	46.0	20.0
<b>Total</b>	<b>461,750</b>	<b>100.0</b>	<b>11.3</b>	<b>336,333</b>	<b>100.0</b>	<b>14.7</b>

## Revenue model

For the six months ended 30 June 2021, substantially all of the Group's property management fees were charged on a lump sum basis with the remainder charged on a commission basis. The Group's property management revenue generated from property management services charged on a lump sum basis accounted for approximately 99.9% and 99.9% of the Group's revenue from property management services for the six months ended 30 June 2020 and 2021, respectively. The Group's property management revenue generated from property management services charged on a commission basis accounted for approximately 0.1% and 0.1% of the Group's revenue from property management services for the same periods, respectively.

The table below sets out a breakdown of the Group's revenue from property management services by revenue model for the periods indicated and the total GFA under management as at the dates indicated:

	Six months ended 30 June					
	2021			2020		
	Revenue		GFA <sup>(Note)</sup>	Revenue		GFA <sup>(Note)</sup>
	RMB'000	%	'000 sq.m.	RMB'000	%	'000 sq.m.
Lump sum basis	461,656	99.9	48,861	336,239	99.9	33,581
Commission basis	94	0.1	139	94	0.1	139
<b>Total</b>	<b>461,750</b>	<b>100.0</b>	<b>49,000</b>	<b>336,333</b>	<b>100.0</b>	<b>33,720</b>

*Note:* The above GFA excludes service engagements solely for the provision of repair and maintenance of specialised elevators, escalators and mechanical car park equipment and gardening and landscaping services, without engaging the Group for other property management services.

## Project Sources

The Group has been providing property management services to Yincheng International Holding Co., Ltd. and its subsidiaries (the “**Yincheng International Holding Group**”), which are engaged in, among others, the business of property development in developing quality residential properties in the Yangtze River Delta Megalopolis for customers of all ages, as well as to Yincheng Real Estate Group Co., Ltd.\* (銀城地產集團股份有限公司) and its subsidiaries (the “**Yincheng Real Estate Group**”). Over the years of the Group's operation, the Group has built up a business model operating independently from the property development of Yincheng International Holding Group and/or Yincheng Real Estate Group, as evidenced by its success in actively securing new engagement opportunities with independent third party property developers. As at 30 June 2021, the Group's GFA under management from properties developed by independent third party property developers remained at a high percentage and reached approximately 84.2% of its total GFA under management.

The table below sets out the breakdown of (i) the Group's GFA under management; and (ii) the number of the Group's managed properties by the type of property developers as at the dates indicated:

	As at 30 June			
	2021	Number	2020	Number
	GFA <sup>(Note 1)</sup> ( <i>'000 sq.m.</i> )		GFA <sup>(Note 1)</sup> ( <i>'000 sq.m.</i> )	
Properties developed by Yincheng International Holding Group/ Yincheng Real Estate Group				
– Preliminary stage <sup>(Note 2)</sup>	4,925	28	3,495	21
– Property owners' association	2,841	25	2,660	21
<b>Sub-total</b>	<b>7,766</b>	<b>53</b>	<b>6,155</b>	<b>42</b>
Properties developed by independent third party property developers				
– Preliminary stage <sup>(Note 2)</sup>	5,137	31	4,862	23
– Property owners' association	36,097	552	22,703	242
<b>Sub-total</b>	<b>41,234</b>	<b>583</b>	<b>27,565</b>	<b>265</b>
<b>Total</b>	<b>49,000</b>	<b>636</b>	<b>33,720</b>	<b>307</b>

Notes:

1. The above GFA excludes service engagements solely for the provision of repair and maintenance of specialised elevators, escalators and mechanical car park equipment and gardening and landscaping services, without engaging the Group for other property management services.
2. After being successful in the relevant public tenders and having entered into the relevant preliminary property management agreements with the property developers, it takes time for the newly developed properties to be delivered to the property owners. These newly developed properties will only be under the Group's management once they have been delivered to the property owners.



The table below sets out the breakdown of the Group's property management service revenue by the type of property developers for the periods indicated:

	Six months ended 30 June			
	2021		2020	
	RMB'000	%	RMB'000	%
Properties developed by Yincheng International Holding Group/ Yincheng Real Estate Group				
– Preliminary stage <sup>(Note)</sup>	37,998	8.2	23,309	6.9
– Property owners' association	43,897	9.5	40,738	12.1
<b>Sub-total</b>	<b>81,895</b>	<b>17.7</b>	<b>64,047</b>	<b>19.0</b>
Properties developed by independent third party property developers				
– Preliminary stage <sup>(Note)</sup>	31,397	6.8	17,718	5.3
– Property owners' association	348,458	75.5	254,568	75.7
<b>Sub-total</b>	<b>379,855</b>	<b>82.3</b>	<b>272,286</b>	<b>81.0</b>
<b>Total</b>	<b>461,750</b>	<b>100.0</b>	<b>336,333</b>	<b>100.0</b>

*Note:* Preliminary stage revenue refers to property management fees collected under the Group's preliminary property management agreements.

### Community Value-Added Services

The Group provides community value-added services to property owners and residents of its managed residential properties with an aim to enhance the level of convenience at its managed communities and customer experience, satisfaction and royalty.

The Group's community value-added services mainly include (i) common area value-added services; (ii) fitness services; and (iii) community convenience services. These services are provided through the Group's daily contact and interaction with its customers during the process of providing property management services, as well as through its social media platforms such as "Living+ (生活+)" and "Meilin (美鄰)". As at 30 June 2021, the Group's community value-added services covered 203 residential properties and 19 mixed-use non-residential properties.

For the six months ended 30 June 2021, the Group's revenue generated from the provision of community value-added services amounted to approximately RMB125.7 million, representing an increase of approximately 56.3% as compared to that of RMB80.4 million for the six months ended 30 June 2020. Such increase was mainly attributable to an increase in the number of projects undertaken by the Group and the diversification of the scope of services provided by the Group following its continuous business development. Some community value-added services introduced in 2020 such as home renovation, operation of canteens in various corporations and group buying have started to bear fruit and contributed revenue.

The table below sets out the breakdown of the Group's revenue, gross profit and gross profit margin of community value-added services for the periods indicated:

	Six months ended 30 June					
	2021			2020		
	Revenue <i>RMB'000</i>	Gross profit <i>RMB'000</i>	Gross profit margin %	Revenue <i>RMB'000</i>	Gross profit <i>RMB'000</i>	Gross profit margin %
Community value-added services						
(i) Common area value-added services	95,307	38,997	40.9	60,965	28,482	46.7
(ii) Fitness services	12,672	2,235	17.6	7,311	617	8.4
(iii) Community convenience services	17,711	4,307	24.3	12,133	2,762	22.8
<b>Total</b>	<b>125,690</b>	<b>45,539</b>	<b>36.2</b>	<b>80,409</b>	<b>31,861</b>	<b>39.6</b>

## FINANCIAL REVIEW

### Revenue

The Group's revenue increased by approximately 41.0% from approximately RMB416.9 million for the six months ended 30 June 2020 to approximately RMB587.7 million for the six months ended 30 June 2021 as a result of (i) an increase in the number of residential and non-residential projects undertaken by the Group which led to an increase in the income from the provision of property management services; (ii) the diversification of the scope of community value-added services provided by the Group following its continuous business development and (iii) revenue generated from Nanjing Hui ren Heng An Property Management Co., Ltd.\* (南京匯仁恆安物業管理有限公司) only being consolidated to the Group's revenue upon completion of its acquisition in March 2020, leading to there being only three months of consolidated effect for the six months ended 30 June 2020 while six months of consolidated effect was reflected for the six months ended 30 June 2021.

The table below sets out the breakdown of the Group's revenue by business line for the periods indicated:

	Six months ended 30 June			
	2021		2020	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management services	461,750	78.6	336,333	80.7
Community value-added services	125,690	21.4	80,409	19.3
Others <i>(Notes)</i>	213	0.0	128	0.0
<b>Total</b>	<b><u>587,653</u></b>	<b><u>100.0</u></b>	<b><u>416,870</u></b>	<b><u>100.0</u></b>

*Note:* Representing gross rental income from investment property operating leases.

Revenue from the provision of property management services increased by approximately 37.3% from approximately RMB336.3 million for the six months ended 30 June 2020 to approximately RMB461.8 million for the six months ended 30 June 2021. Such increase was primarily due to the continuous increase in (i) the Group's GFA under management in residential properties projects; and (ii) the number of non-residential properties projects undertaken by the Group.

Revenue from the provision of community value-added services increased by approximately 56.3% from approximately RMB80.4 million for the six months ended 30 June 2020 to approximately RMB125.7 million for the six months ended 30 June 2021. Such increase was primarily due to (i) an increase of number of projects under management; (ii) more community value-added services being provided to the residential projects under management as a result of optimisation of the property management environment; and (iii) diversification of the scope of services provided by the Group.

### Cost of Sales

The Group's cost of sales consists of labour costs, subcontracting costs, equipment operation and facility maintenance costs, material costs, depreciation of right-of-use assets, office expenses and others.

The Group's cost of sales increased by approximately 46.0% from approximately RMB335.4 million for the six months ended 30 June 2020 to approximately RMB489.8 million for the six months ended 30 June 2021, primarily due to an increase in the number of staff and subcontracting costs as a result of the expansion of the Group's business.

## **Gross Profit and Gross Profit Margin**

As a result of the foregoing, the Group's gross profit increased by approximately 20.1% from approximately RMB81.5 million for the six months ended 30 June 2020 to approximately RMB97.8 million for the six months ended 30 June 2021. The gross profit margin decreased from approximately 19.5% for the six months ended 30 June 2020 to approximately 16.6% for the six months ended 30 June 2021. Such decrease was primarily due to the implementation of tax and fee reduction policies and measures by the State Administration of Taxation due to the impact arising from COVID-19 during the first half of 2020.

## **Other Income and Gains**

The Group's other income and gains mainly represents interest income, investment income, government grants, gain on disposal of items of property, plant and equipment and others.

The Group's other income and gains decreased by approximately 30.9% from approximately RMB7.1 million for the six months ended 30 June 2020 to approximately RMB4.9 million for the six months ended 30 June 2021, primarily due to a decrease in government grants.

## **Selling and Distribution Expenses**

The Group's selling and distribution expenses consist primarily of staff costs, advertising and promotional expenses, office expenses, business development expenses, travelling expenses and others.

The Group's selling and distribution expenses increased by approximately 11.9% from approximately RMB2.2 million for the six months ended 30 June 2020 to approximately RMB2.4 million for the six months ended 30 June 2021, primarily due to an increase in staff costs as a result of the continuous increase in the Group's business expansion.

## **Administrative Expenses**

The Group's administrative expenses primarily include staff costs, professional fees, office expenses, business development expenses, rental expenses, travelling expenses, depreciation and amortisation, bank charges, taxes and others.

The Group's administrative expenses remained relatively stable and had a slight increase from approximately RMB28.4 million for the six months ended 30 June 2020 to approximately RMB28.8 million for the six months ended 30 June 2021, primarily due to an effective cost control adopted by the Group and emergence of scaling effect leading to there being no significant increase in management and staff costs.

## **Impairment Losses on Financial Assets, Net**

The Group's net impairment losses on financial assets decreased by approximately 13.4% from approximately RMB8.1 million for the six months ended 30 June 2020 to approximately RMB7.0 million for the six months ended 30 June 2021, primarily due to there being an enhanced monitoring of the collection of trade and other receivables from the previous year during the six months ended 30 June 2021.

## **Finance Costs**

The Group's finance costs mainly include interest on bank borrowings and interest on lease liabilities in relation to lease liabilities recorded for properties leased by the Group for operation of its offices and fitness centres.

The Group's finance costs increased by approximately 34.4% from approximately RMB4.4 million for the six months ended 30 June 2020 to approximately RMB5.9 million for the six months ended 30 June 2021, primarily due to the interest generated during the six months ended 30 June 2021 from bank borrowings conducted in the second half of 2020.

## **Income Tax Expense**

The Group's income tax refers to PRC corporate income tax at a tax rate of 25% on taxable profits of its subsidiaries incorporated in the PRC. Some subsidiaries of the Group are qualified as small low-profit enterprises and thus are subject to a preferential tax rate of 10% for the six months ended 30 June 2021.

The Group's income tax expense increased by approximately 5.5% from approximately RMB14.0 million for the six months ended 30 June 2020 to approximately RMB14.7 million for the six months ended 30 June 2021, primarily due to an increase in the profit before tax during the period.

## **Profit for the Period**

As a result of the foregoing, the Group's profit increased by approximately 47.2% from approximately RMB29.9 million for the six months ended 30 June 2020 to approximately RMB44.0 million for the six months ended 30 June 2021. Profits attributable to owners of the Company for the six months ended 30 June 2021 amounted to approximately RMB40.2 million, representing an increase of approximately 36.1% as compared to the corresponding period in 2020. The net profit margin was approximately 7.5% for the six months ended 30 June 2021, up 0.3 percentage points from approximately 7.2% in the corresponding period in 2020. The increase in net profit margin was mainly due to (i) the Group's strive for effective cost control measures and emergence of scaling effect; and (ii) the Group's investment in joint ventures and associated companies started to bear fruit with profit generated.

## **Liquidity, Reserves and Capital Structure**

The Group maintained a healthy financial position during the six months ended 30 June 2021. The Group's current assets amounted to approximately RMB747.3 million as at 30 June 2021, representing a decrease of approximately 13.3% as compared to approximately RMB861.9 million as at 31 December 2020. The Group's cash and cash equivalents amounted to approximately RMB275.0 million as at 30 June 2021, representing a decrease of approximately 51.5% as compared to RMB566.9 million as at 31 December 2020, primarily due to a decrease in short-term borrowings by approximately RMB198.0 million. The Group's total equity amounted to approximately RMB220.0 million as at 30 June 2021, representing an increase of approximately 12.5% as compared to approximately RMB195.6 million as at 31 December 2020. Such increase was mainly due to an increase in profit of approximately RMB44.0 million and distribution of dividends of approximately RMB20.5 million during the period.

## **Property, Plant and Equipment**

The Group's property, plant and equipment amounted to approximately RMB29.0 million as at 30 June 2021, representing an increase of approximately 21.7% as compared to that of approximately RMB23.8 million as at 31 December 2020. This was primarily due to an increase in office equipment, electronic devices and other devices and leasehold improvements as a result of the expansion of the Group's business.

## **Trade Receivables**

The Group's trade receivables primarily consist of receivables for its property management services and community value-added services from its customers.

The Group's trade receivables amounted to approximately RMB225.6 million as at 30 June 2021, representing an increase of approximately 76.4% as compared to approximately RMB127.8 million as at 31 December 2020. Such increase in trade receivables was due to (i) an increase of the Group's revenue during the period; and (ii) the usual practice of the Group's residential properties customers to pay property management fee at the end of the year.

## **Prepayments, Deposits and Other Receivables**

The Group's prepayments, deposits and other receivables amounted to approximately RMB85.6 million as at 30 June 2021, representing an increase of approximately 38.6% as compared to approximately RMB61.7 million as at 31 December 2020. This was mainly due to an increase in other deposits including bid bond and performance bond as a result of an increase in the number of property management projects undertaken by the Group.

## **Trade Payables**

The Group's trade payables primarily consist of payables to suppliers and subcontractors. The Group's trade payables amounted to approximately RMB35.8 million as at 30 June 2021, representing an increase of approximately 47.8% as compared to approximately RMB24.2 million as at 31 December 2020. This was mainly due to an increase in the number of property management projects undertaken by the Group.

## **Other Payables, Deposits Received and Accruals**

The Group's other payables, deposits received and accruals amounted to approximately RMB223.0 million as at 30 June 2021, representing an increase of approximately 14.5% as compared to that of approximately RMB194.7 million as at 31 December 2020. This was mainly due to an increase in (i) dividends payable; and (ii) shared costs paid in advance by other parties on behalf of us due to there being an increase in the number of property management projects undertaken by the Group.

## **Contract Liabilities**

The Group receives payments from its customers based on billing schedules as provided in the property management agreements. A portion of the payments is usually received in advance of the performance under the contracts which are mainly from property management services.

The Group's contract liabilities amounted to approximately RMB204.6 million as at 30 June 2021, representing a decrease of approximately 12.6% as compared to that of approximately RMB234.0 million as at 31 December 2020. This was mainly due to the usual practice of property management companies in receiving property management fees for the next year in advance in the second half of the previous year.

## **Borrowings**

As at 30 June 2021, the Group had interest-bearing bank borrowings of RMB82.0 million.

## **Gearing Ratio**

The Group's gearing ratio is calculated based on net debt divided by total capital plus net debt. The Group includes, within net debt, interest-bearing bank borrowings, amounts due to related companies and lease liabilities, less cash and cash equivalents. The Group's capital represents equity attributable to owners of the Company. As at 30 June 2021, the Group's gearing ratio was not applicable.

## Use of Proceeds from the Listing

The Company was successfully listed on the Main Board of the Stock Exchange on 6 November 2019 (the “**Listing Date**”) with the issue of 66,680,000 new shares. The total net proceeds from the listing of the shares of the Company on the Main Board of the Stock Exchange (including the exercise of the Over-allotment Option (as defined in the prospectus of the Company dated 25 October 2019 (the “**Prospectus**”))) amounted to approximately HK\$131.4 million after deducting the underwriting fees and commissions and other expenses in connection with the Global Offering (as defined in the Prospectus), which will be used for the intended purposes as set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus.

Set out below is the actual utilisation of the net proceeds from the Listing Date up to 30 June 2021:

	<b>Planned use of proceeds in total HK\$’000</b>	<b>Actual use of proceeds from the Listing Date up to 30 June 2021 HK\$’000</b>	<b>Remaining balance of net proceeds HK\$’000</b>
Continue to expand the Group’s business by mergers and acquisitions or investments in order to expand its market shares in the property management service industry in the PRC	78,853	38,261	40,592
Invest in intelligent systems to improve the Group’s service quality and enhance its customers’ experience	19,713	15,628	4,085
Upgrade the Group’s internal information technology system to enhance operational efficiency	13,142	2,762	10,380
Continue to recruit more technical and managerial talents and, at the same time, provide training to the Group’s employees for the expansion of its operations	6,571	3,063	3,508
General working capital	13,142	13,142	–

The Group will continue to utilise the remaining net proceeds in the next three years in the manner consistent with the proposed allocations as stated in the Prospectus.



## **Pledge of Assets**

The Group had no pledge of assets as at 30 June 2021.

## **Contingent Liabilities**

The Group had no material contingent liabilities or guarantees as at 30 June 2021.

## **Exchange Rate Risk**

As all of the Group's businesses are conducted in the PRC, revenue and profits for the six months ended 30 June 2021 were denominated in RMB. The major foreign currency source for the Group during the period is the fundraising following the successful listing on the Main Board of the Stock Exchange, all of which were in Hong Kong dollars. As at 30 June 2021, the Group did not have significant foreign currency exposure from its operations. The Group currently has not used derivative financial instruments to hedge its foreign exchange risk. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

## **Employees and Remuneration Policies**

As at 30 June 2021, the Group had a total of 5,877 employees. The Group offers employees competitive remuneration packages that include fees, salaries, allowances and benefits in kind, bonuses and pension scheme contribution and social welfare. The Group contributes to social insurance for its employees, including medical insurance, work-related injury insurance, retirement insurance, maternity insurance, unemployment insurance and housing funds.

## **Material Acquisition and Disposal**

Save as disclosed in the annual report of the Company for the year ended 31 December 2020, during the six months ended 30 June 2021 and up to the date of this announcement, the Group did not perform any material acquisition or disposal of subsidiaries and associates.

## **Subsequent Events**

The Directors are not aware of any material events undertaken by the Group subsequent to 30 June 2021.

## **OTHER INFORMATION**

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any securities of the Company for the six months ended 30 June 2021.

### **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2021.

## **CORPORATE GOVERNANCE**

### **Compliance with the Corporate Governance Code**

The Group is committed to maintaining high corporate governance standards, which are essential in providing a framework for the Group to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company will continue to practise the principles of good corporate governance as set out in the Corporate Governance Code (the “**CG Code**”) in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

During the six months ended 30 June 2021, the Company has complied with all applicable code provisions as set out in the CG Code, and will continue to review and enhance its corporate governance practices, and identify and formalise measures and policies to ensure compliance with the CG Code.

### **Review of interim results**

The audit committee of the Company (the “**Audit Committee**”) currently comprises two independent non-executive Directors, namely Mr. Chow Siu Hang and Mr. Mao Ning, and a non-executive Director, namely Mr. Xie Chenguang, with Mr. Chow Siu Hang as the chairman of the Audit Committee. The Audit Committee has reviewed the Group’s unaudited interim condensed consolidated financial information for the six months ended 30 June 2021, which has been approved by the Board on 19 August 2021 prior to its issuance. The Audit Committee is of the view that the unaudited interim condensed consolidated financial information is in compliance with the applicable accounting standards, the Listing Rules and other legal requirements, and that sufficient disclosure has been made.

## **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 and the code for dealing in securities of the Company by the Directors as adopted by the Company (the “**Securities Dealing Code**”) as its own codes of conduct governing the Directors. All Directors confirmed, after having made specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code and the Securities Dealing Code for the six months ended 30 June 2021.

No incident of non-compliance was found by the Company for the six months ended 30 June 2021. 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.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

The interim results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and that of the Company ([www.yinchenglife.hk](http://www.yinchenglife.hk)). The interim report will be dispatched to the shareholders of the Company and will be available on the website of the Stock Exchange and that of the Company in due course.

By order of the Board  
**Yincheng Life Service CO., Ltd.**  
**XIE Chenguang**  
*Chairman*

Nanjing, China  
19 August 2021

*As at the date of this announcement, the executive Directors are Mr. Li Chunling and Ms. Huang Xuemei; the non-executive Directors are Mr. Huang Qingping, Mr. Xie Chenguang, Mr. Ma Baohua and Mr. Zhu Li; and the independent non-executive Directors are Mr. Chow Siu Hang, Mr. Li Yougen and Mr. Mao Ning.*

\* *for identification purposes only*