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New Hope Service Holdings Limited
新希望服務控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 3658)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021

INTERIM RESULTS HIGHLIGHTS

For the six months ended 30 June 2021, the results of the Group were as follows:

1. The revenue of the Group amounted to RMB402.8 million, representing an increase of 75.7% as compared to revenue of RMB229.3 million for the corresponding period of 2020.
2. The revenue of the Group by business segments was as follows:
 - 1) The revenue from property management services amounted to RMB145.9 million, accounting for 36.2% of the total revenue, representing an increase of 79.9% as compared to revenue of RMB81.1 million for the corresponding period of 2020;
 - 2) The revenue from value-added services to non-property owners amounted to RMB101.3 million, accounting for 25.2% of the total revenue, representing an increase of 58.3% as compared to revenue of RMB64.0 million for the corresponding period of 2020;
 - 3) The revenue from commercial operational services amounted to RMB66.2 million, accounting for 16.4% of the total revenue, representing an increase of 29.2% as compared to revenue of RMB51.2 million for the corresponding period of 2020;
 - 4) The revenue from lifestyle services amounted to RMB89.4 million, accounting for 22.2% of the total revenue, representing an significant increase of 170.8% as compared to revenue of RMB33.0 million for the corresponding period of 2020.
3. The gross profit was RMB171.8 million, representing an increase of 72.9% as compared to the gross profit of RMB99.4 million for the corresponding period of 2020.

4. The profit for the reporting period attributable to the equity shareholders of the Company was RMB58.9 million, representing an increase of 35.2% as compared to the profit of RMB43.5 million for the corresponding period of 2020. Excluding the listing fees, the adjusted profit for the reporting period attributable to the equity shareholders of the Company was RMB79.6 million, representing an increase of 82.8% as compared to RMB43.5 million for the corresponding period of 2020.
5. The net cash flow generated from the operating activities of the Group was approximately RMB160.0 million for the six months ended 30 June 2021 as compared to that of approximately RMB90.0 million for the corresponding period of 2020.
6. As at 30 June 2021, the Group had 82 projects under management with the GFA under management of approximately 12.5 million square meters, representing an increase of approximately 79.7% as compared to the corresponding period of 2020. The Group had 123 contracted projects with contracted areas of 20.4 million square meters, representing an increase of approximately 51.4% as compared to the corresponding period of 2020.
7. The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2021.

The board (the “**Board**”) of directors (the “**Directors**”) of New Hope Service Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, “**we**”, “**our**” or the “**Group**”) for the six months ended 30 June 2021 (the “**Period**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2021 – unaudited

(Expressed in Renminbi (“**RMB**”))

	Note	Six months ended 30 June	
		2021 RMB’000	2020 RMB’000
Revenue	4	402,847	229,343
Cost of sales		<u>(231,007)</u>	<u>(129,953)</u>
Gross profit		171,840	99,390
Other net income		2,465	411
Selling expenses		(1,567)	(682)
Administrative expenses		(101,312)	(45,304)
Expected credit loss on financial assets		<u>(1,040)</u>	<u>(124)</u>
Profit from operations		<u>70,386</u>	<u>53,691</u>
Finance expenses		(2,196)	(22,764)
Finance income		<u>1,340</u>	<u>21,243</u>
Finance costs, net	5(a)	<u>(856)</u>	<u>(1,521)</u>
Share of profits less losses of an associate		<u>274</u>	<u>14</u>
Profit before taxation	5	69,804	52,184
Income tax	6	<u>(10,907)</u>	<u>(8,636)</u>
Profit for the period		<u>58,897</u>	<u>43,548</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

for the six months ended 30 June 2021 – unaudited

(Expressed in RMB)

		Six months ended 30 June	
		2021	2020
	<i>Note</i>	RMB'000	RMB'000
Other comprehensive income for the period			
(after tax and reclassification adjustments):			
Item that may not be reclassified subsequently to profit or loss:			
Exchange differences on translation of:			
– financial statements of overseas subsidiaries		<u>(23)</u>	<u>–</u>
Other comprehensive income for the period		<u>(23)</u>	<u>–</u>
Total comprehensive income for the period		<u>58,874</u>	<u>43,548</u>
Earnings per share			
Basic and diluted (RMB)	7	<u>0.09</u>	<u>0.08</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2021 – unaudited

(Expressed in RMB)

	<i>Note</i>	30 June 2021 RMB'000	31 December 2020 RMB'000
Non-current assets			
Investment properties		104,536	71,680
Property, plant and equipment		16,046	17,098
Intangible assets		9,424	5,799
Interests in an associate		1,917	1,643
Other financial assets		30	30
Deferred tax assets		5,613	7,386
		<u>137,566</u>	<u>103,636</u>
Current assets			
Inventories		435	299
Due from related companies		–	173,402
Prepayments, deposits and other receivables		59,899	38,122
Trade receivables	8	171,651	163,103
Current tax recoverable		10,958	–
Cash and cash equivalents		1,073,837	112,614
		<u>1,316,780</u>	<u>487,540</u>
Current liabilities			
Trade payables	9	62,945	43,653
Other payables and accruals		226,557	172,175
Contract liabilities		238,633	161,706
Due to related companies		2,050	43
Current taxation		–	12,174
Lease liabilities		9,378	7,245
		<u>539,563</u>	<u>396,996</u>
Net current assets		<u>777,217</u>	<u>90,544</u>
Total assets less current liabilities		<u>914,783</u>	<u>194,180</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*at 30 June 2021 – unaudited**(Expressed in RMB)*

	<i>Note</i>	30 June 2021 RMB'000	31 December 2020 RMB'000
Non-current liabilities			
Lease liabilities		66,572	46,354
Deferred tax liabilities		2,359	2,528
		68,931	48,882
NET ASSETS			
		845,852	145,298
CAPITAL AND RESERVES			
Share capital		6,741	*
Reserves		839,111	145,298
TOTAL EQUITY			
		845,852	145,298

* The balance represents an amount less than RMB1,000.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 CORPORATION INFORMATION

The Company was incorporated in the Cayman Islands on 5 November 2020 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company and has not carried on any business operations since the date of its incorporation. The Group are principally engaged in property management services, value-added services to non-property owners, commercial operational services and lifestyle in the People's Republic of China (the "PRC"). The Company's shares were listed on the Main Board on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 25 May 2021.

The immediate parent of the Group is Golden Rose Developments Limited, a company incorporated under the laws of British Virgin Islands ("BVI"). The ultimate controlling party of the Group are Mr. Liu Yonghao and Ms. Liu Chang (collectively the "Ultimate Owners").

2 BASIS OF PREPARATION

The unaudited interim financial information set out in this announcement does not constitute the unaudited interim financial report of the Company for the six months ended 30 June 2021 but is extracted from that unaudited interim financial report which has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board ("IASB").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the historical financial formation included in the accountants' report disclosed in the appendix I ("Appendix I") to the prospectus of the Company dated 11 May 2021 (the "Prospectus") except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 3.

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

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2020 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from the financial information for the year ended 31 December 2020 included in the Appendix I of the Prospectus.

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

For property management services, value-added services to non-property owners and commercial operational services, the Group recognises revenue when the services are provided on monthly basis and recognises to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group has elected the practical expedient for not to disclose the remaining performance obligations for this type of contracts.

For lifestyle services, there is no significant unsatisfied performance obligation at the end of respective reporting periods.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment. The accounting policies applied in determining segment revenue and segment results of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment without allocation of central administrative costs. The chief operating decision maker ("CODM") considers the Group has four operating and reportable segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

The Group's operating and reportable segments are as follows:

- Property management services: this segment provides property management services to residential properties, commercial properties and other types of non-residential properties.
- Value-added services to non-property owners: this segment provides value-added services to non-property owners, including preliminary planning, design consultancy and pre-delivery services and sales office management.
- Commercial operational services: this segment provides market research and positioning and tenant sourcing services and commercial operation services and commercial properties leasing.
- Lifestyle services: this segment provides community operation services and community asset management services and online and offline retail services and catering services and marketing consultancy services and community space operational services.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Central administrative expenses or assistance provided by one segment to the other, including sharing of assets and technical know-how, is not measure in respective operating segment. The measure used for reporting segment profit is gross profit.

No analysis of segment assets and segment liabilities is presented as these information are not regularly provided to the CODM for review.

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

	Property management services <i>RMB'000</i>	Value-added services to non-property owners <i>RMB'000</i>	Commercial operational services <i>RMB'000</i>	Lifestyle services <i>RMB'000</i>	Total <i>RMB'000</i>
For the six months ended 30 June 2021					
Segment revenue	145,940	101,319	66,177	89,411	402,847
Segment gross profits	45,542	41,291	43,403	41,604	171,840
Central administrative costs					(102,036)
Profit before taxation					<u>69,804</u>

	Property management services <i>RMB'000</i>	Value-added services to non-property owners <i>RMB'000</i>	Commercial operational services <i>RMB'000</i>	Lifestyle services <i>RMB'000</i>	Total <i>RMB'000</i>
For the six months ended 30 June 2020					
Segment revenue	81,109	63,996	51,226	33,012	229,343
Segment gross profits	26,214	27,002	35,212	10,962	99,390
Central administrative costs					(47,206)
Profit before taxation					<u>52,184</u>

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs, net

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	(1,340)	(21,243)
Interest expenses	–	21,982
Interest on lease liabilities	2,054	477
Others	142	305
Total	<u>856</u>	<u>1,521</u>

(b) **Staff costs**

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Salaries, wages and other benefits	204,140	125,473
Contributions to defined contribution retirement plan	8,683	2,685
Total	212,823	128,158

(c) **Other items**

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Amortisation of intangible assets	909	676
Depreciation charge of property, plant and equipment	3,004	2,753
Expected credit loss on financial assets	1,040	124
Listing expenses	24,371	–
Expenses relating to short-term leases	1,600	1,686

6 INCOME TAX

(a) **Taxation in the consolidated statement of profit or loss and other comprehensive income represents:**

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Current tax – PRC Corporate Income Tax		
Provision for the period	9,303	8,606
Deferred tax		
Origination and reversal of temporary differences	1,604	30
	10,907	8,636

Pursuant to the tax rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the reporting period.

The provision for PRC current income tax is based on a statutory rate of 25% of the assessable profit as determined in accordance with the relevant income tax rules and regulations of the PRC.

Certain subsidiaries of the Group established in the PRC obtained approval from the respective tax bureau that they are entitled to tax benefits applicable to entities under the Western Region Development Plan of the PRC, and enjoy a preferential PRC Corporate Income Tax rate of 15% till 31 December 2030.

Certain subsidiaries have been approved as Small Low-profit Enterprises. The entitled subsidiaries are subject to a preferential income tax rate of 5% or 10% in certain years.

7 EARNINGS PER SHARE

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profits		
Profit attributable to equity shareholders of the Company	<u>58,897</u>	<u>43,548</u>
	Six months ended 30 June	
	2021	2020
	'000	'000
Number of shares		
Weighted average number of ordinary shares	<u>640,706</u>	<u>562,800</u>

Weighted average of 640,706,000 ordinary shares for the six months ended 30 June 2021, includes the weighted average of 200,000,000 ordinary shares and 14,126,000 ordinary shares issued immediately after the completion of placing and the partial exercise of the over-allotment option, in addition to the 600,000,000 ordinary shares, being the number of shares in issue immediately after the completion of capitalisation issue in May 2021, deemed to have been issued throughout the year ended 31 December 2020 and the period from 1 January 2021 to the date before the capitalisation issue, adjusted by the shares issued by the Group in 2020 and 2021.

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

8 TRADE RECEIVABLES

	At 30 June	At 31 December
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables from related companies	47,694	74,183
Trade receivables from external customers	126,675	90,715
Less: Allowance for trade receivables	<u>(2,718)</u>	<u>(1,795)</u>
	<u>171,651</u>	<u>163,103</u>

(a) Ageing analysis

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

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 year	169,949	161,196
1 to 2 years	1,325	1,362
2 to 3 years	122	427
3 to 4 years	255	118
	171,651	163,103

9 TRADE PAYABLES

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

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 year	62,130	42,707
1 to 2 years	62	152
2 to 3 years	60	80
Over 3 years	693	714
Total creditors and bills payable	62,945	43,653

10 DIVIDENDS

No dividend has been declared by the Company for the six months ended 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Company is a well-established comprehensive property management and lifestyle service operator in China, providing property management services, value-added services to non-property owners, commercial operational services and lifestyle services. In the first half of 2021, the Group ranked 44th among the “2021 Top 100 Property Management Companies in the PRC (2021 年中國物業服務百強企業)” released by China Index Academy and ranked 43rd among the “2021 Top 100 Property Management Companies in terms of Service Strength (2021 物業服務力百強企業)” released by China Real Estate Appraisal Center of Shanghai E-House Real Estate Research Institute (上海易居房地產研究院中國房地產測評中心). During the Period, the Group’s net profit margin was 19.8% (after excluding one-off listing expenses). At the same time, the Group continued to maintain a high profit per square meter. As at 30 June 2021, the Group’s profit per square meter was RMB32.2 (calculated by financial data as at 30 June 2021).

As at 30 June 2021, the Company managed 82 projects, and the total gross floor area (“GFA”) under management amounted to approximately 12.5 million sq.m., representing a period-on-period increase of 79.7%. Our roots are in the Chengdu-Chongqing urban agglomeration, the engine of economic development in the Southwest China region. As at 30 June 2021, 50.2% and 32.1% of GFA under management of the Group were located in the Chengdu-Chongqing urban agglomeration and the Eastern China region, respectively, and 41.7% and 44.4% of contracted GFA of the Group were located in these two regions as at the same time, respectively. At the same time, the Group’s GFA under management and contracted GFA in the Eastern China region have increased significantly over the same time point last year. The GFA under management has increased by 104.7% over the same time point last year, and the contracted GFA has increased by 74.6% over the same time point last year. As at 30 June 2021, the property projects served by the Group covered 18 cities in 10 provinces, 1 autonomous region and 2 municipalities in China and most of property management projects of the Group are located in the first-tier, new first-tier and second-tier cities in China.

The Company provides quality property management services and value-added services to non-property owners. The Company also provides commercial operational services for 12 quality commercial properties in 5 cities, namely Chengdu, Kunming, Shanghai, Wenzhou and Nanning. The Company also provides diversified lifestyle services to its property owners, residents and other customers. The Company’s services are closely tied to what people need in their daily lives and what property owners and businesses need for their daily operations. The Company believes its core value lies in its ability to help its individual customers live a safer and more comfortable, healthy and convenient life and assist its business customers in building prosperous businesses.

Business Model of the Group

During the Period, the Group generated revenue primarily from four business segments: (i) property management services; (ii) value-added services to non-property owners; (iii) commercial operational services; and (iv) lifestyle services.

Property Management Services

As at 30 June 2021, the Group's total GFA under management was approximately 12.5 million sq.m. covering 18 cities, with a total of 82 property management project. In addition, the Company had a total of 123 contracted property management projects of approximately 20.4 million sq.m..

The following table sets forth the number of property projects and GFA under management, as well as the number of property projects were contracted to manage and corresponding contracted GFA of the Group as at the dates indicated.

	As at 30 June 2021	As at 30 June 2020	Percentage Increased
Number of properties the Group was contracted to manage ⁽¹⁾	123	81	51.9%
Number of properties under management ⁽²⁾	82	49	67.3%
Contracted GFA (<i>sq.m.</i>)	20,386,000	13,463,300	51.4%
GFA under management (<i>sq.m.</i>)	12,527,000	6,973,000	79.7%

Notes:

- (1) Refers to all properties for which we have entered into the relevant operating property management service agreements, which may include properties that have not been delivered to us for property management purposes in addition to properties under management.
- (2) Refers to properties that have been delivered to us for property management purposes.

Type of properties developers

Leveraging on our high quality services, our professional service team and our renowned reputation, we also stepped up our expansion into independent third-party markets, and we have achieved a rapid growth in terms of GFA obtained from the expansion of independent third-party markets. The Cooperative Development Center of the Company is responsible for the expansion of independent third-party projects, and it realizes systematic and standardized management and control in the external expansion process. Effective management and follow-up had been carried out in all links from projects capturing to operation review. The Group continues to optimize process settings, improve external channel cooperation and integrating marketing mechanism. An internal incentive system with market competitiveness has also been established, which achieved certain results during the Period.

As at 30 June 2021, the proportion of the total GFA under management from independent third-party property developers has increased from 0.1% as at 30 June 2020 to 17.0%, and the revenue of property management generated from properties developed by independent third-party property developers has increased from nil for the six months ended 30 June 2020 to RMB14.0 million in the first half of 2021.

The table below sets forth a breakdown of our total number of projects and GFA under management as at the dates indicated, and revenue generated from property management services for the periods indicated, from property management services by type of property developer:

	Number of projects	As at or for the six months ended 30 June 2021				Number of projects	As at or for the six months ended 30 June 2020			
		GFA under management		Revenue			GFA under management		Revenue	
		(sq.m. 0'000)	% (RMB'000)	(RMB'000)	%		(sq.m. 0'000)	% (RMB'000)	(RMB'000)	%
New Hope Property Group ⁽¹⁾	55	781.7	62.4	113,776.5	77.9	40	590.0	84.6	71,943.4	88.7
Joint ventures or associates of New Hope Property Group ⁽²⁾	9	235.4	18.8	7,848.3	5.4	4	89.4	12.8	5,588.8	6.9
Associates of our ultimate controlling shareholders ⁽³⁾	6	23.0	1.8	10,344.6	7.1	4	17.0	2.5	3,576.6	4.4
Independent third parties ⁽⁴⁾	12	212.6	17.0	13,970.2	9.6	1	0.9	0.1	0.0	0.0
Total	82	1,252.7	100	145,939.6	100	49	697.3	100	81,108.8	100

Notes:

- (1) Refers to properties solely developed by Sichuan New Hope Real Estate Development Co., Ltd. (四川新希望房地產開發有限公司) (the “New Hope Property”) and/or its subsidiaries (collectively, the “New Hope Property Group”), as well as properties jointly developed by New Hope Property Group and other property developers in which New Hope Property Group held a controlling interest.
- (2) Refer to properties developed by joint ventures or associates of New Hope Property Group, including Sichuan New Hope Industrial Co., Ltd. (四川新希望實業有限公司), Chengdu Shenlong Real Estate Development Co., Ltd. (成都申瓏房地產開發有限公司), Sichuan Dongjin Tourism Development Co., Ltd. (四川東進新希望旅遊開發有限公司), Jiaxing Xinjin Properties Co., Ltd. (嘉興新錦置業有限公司), Ningbo Chenxin Properties Co., Ltd. (寧波辰新置業有限公司), Guangxi Tangsheng Investment Co., Ltd. (廣西唐昇投資有限公司), Nanning Xinyong Properties Co., Ltd. (南寧新邕置業有限公司), and Chongqing Jinyue Real Estate Co., Ltd. (重慶錦嶺置業有限公司).
- (3) Refer to properties developed by other associates of our ultimate controlling shareholders, namely Mr. Liu Yonghao (劉永好) and Ms. Liu Chang (劉暢), including Sichuan Huaxi Dairy Co., Ltd. (四川華西乳業有限責任公司), New Hope Liuhe Fodder Corp. (新希望六和飼料股份有限公司), Chengdu Jinjiang Xiaokang Comprehensive Outpatient Department Co., Ltd. (成都錦江曉康之家綜合門診部有限公司), Sichuan Xinwang Bank Co., Ltd. (四川新網銀行股份有限公司), Chengdu Xinlimei Beauty Hospital Co., Ltd. (成都新麗美醫療美容醫院有限公司), and Shanghai Tianyou Hospital Limited Ltd. (上海天佑醫院有限公司).
- (4) Refer to properties solely developed by independent third-party property developers.

Portfolio of properties under management

The Group primarily manages residential properties. The Group also manages non-residential properties which includes (i) commercial properties, such as shopping centers, shopping streets, specialty markets, office buildings, industrial parks and (ii) other types of non-residential properties, including public facilities, culture and tourism sites and healthcare facilities. The following table sets forth a breakdown of our total GFA under management by property type as at the dates indicated, and revenue from property management services by property type for the periods indicated:

	Number of projects	As at or for the six months ended 30 June 2021				Number of projects	As at or for the six months ended 30 June 2020			
		GFA under management		Revenue			GFA under management		Revenue	
		(sq.m. 0'000)	% (RMB'000)	(RMB'000)	%		(sq.m. 0'000)	% (RMB'000)	(RMB'000)	%
Residential	48	828.8	66.2	84,288.3	57.8	31	501.6	71.9	48,205.1	59.5
Non-residential										
- Commercial properties	22	266.1	21.2	45,995.6	31.5	16	193.7	27.8	31,812.5	39.2
- Other types of non-residential properties	12	157.8	12.6	15,655.7	10.7	2	2.0	0.3	1,091.2	1.3
Total	82	1,252.7	100	145,939.6	100	49	697.3	100	81,108.8	100

As a result of our continuous efforts to expand our customer base and to diversify our portfolio of properties under management, our GFA under property management for non-residential properties increased by 116.6% from approximately 2.0 million sq.m. as at 30 June 2020 to approximately 4.2 million sq.m. as at 30 June 2021. We believe that the experience and recognition we have gained from managing such diversified non-residential properties will enable us to further expand our portfolio of properties under management, grow our customer base and create diversified sources of financial growth.

Our geographical presence

Since our inception in Chengdu, Sichuan Province in 2010, the Group has expanded its geographic presence for property management services to 18 cities across the People's Republic of China (the "PRC") as at of 30 June 2021, among which, GFA under management and contracted GFA in Eastern China region have increased significantly compared with the same time point last year. The GFA under management increased by 79.7% compared with the same time point last year, and the contracted GFA increased by 51.4% compared with the same time point last year. As at 30 June 2021, the Group had a total of 82 property projects under management with an aggregate GFA under management of 12.5 million sq.m. As at 30 June 2021, we were contracted to manage 123 projects with a total contracted GFA of 20.4 million sq.m.

The table below sets forth a breakdown of our total GFA under management by region as at the dates indicated, and the number of projects by region as at the dates indicated:

	As at 30 June 2021		As at 30 June 2020	
	Number of projects	GFA under management (sq.m.0'000)	Number of projects	GFA under management (sq.m.0'000)
Southwestern China region	38	629.0	21	342.1
Eastern China region	27	401.7	16	196.2
Southern China region	10	155.8	6	100.1
Northern China region	7	66.2	6	58.9
Total	82	1,252.7	49	697.3

The table below sets forth a breakdown of our total GFA under management by city tiers as at the dates indicated, and revenue generated from property management services by city tiers for the periods indicated:

	As at or for the six months ended 30 June 2021				As at or for the six months ended 30 June 2020			
	Number of projects	GFA under management (sq.m.0'000)	Revenue (RMB'000)	%	Number of projects	GFA under management (sq.m.0'000)	Revenue (RMB'000)	%
First-tier city ⁽¹⁾	3	14.7	4,175.7	2.9	1	4.2	2,529.0	3.1
New first-tier cities ⁽²⁾	40	551.7	69,781.4	47.8	23	268.1	40,854.0	50.4
Second-tier cities ⁽³⁾	39	686.3	71,982.5	49.3	25	425.0	37,725.8	46.5
Total	82	1,252.7	145,939.6	100	49	697.3	81,108.8	100

Notes:

- (1) First-tier city in which we provide property management services includes Shanghai.
- (2) New first-tier cities in which we provide property management services include Chengdu, Suzhou, Chongqing, Shenyang and Qingdao.
- (3) Second-tier cities in which we provide property management services include Dalian, Wenzhou, Nanning, Kunming, Ningbo and Jiaxing.

Among the cities in which we have a presence, cities with a higher increase in area under our management primarily included Chengdu, Kunming, Wenzhou and Nanning. The table below sets forth a breakdown of our total GFA and growth rate under management by cities as at the dates indicated:

	As at 30 June 2021 (sq.m.0'000)	As at 30 June 2020 (sq.m.0'000)	Growth rate (%)
Chengdu	370.3	215.6	71.8
Wenzhou	218.7	136.3	60.4
Kunming	205.9	126.5	62.8
Nanning	155.9	100.2	55.6

Value-added Services to Non-property Owners

We also provide a series of value-added services to non-property owners, primarily property developers. Our value-added services to non-property owners include (i) sales office management services; (ii) preliminary planning and design consultancy, pre-delivery and repair and maintenance services; and (iii) other services such as construction site management services. During the Period, we obtained contracts for value-added services to non-property owners through commercial negotiations with the customers. During the first half of 2021, the revenue derived from value-added services to non-property owners increased significantly by 58.3% to approximately RMB101.3 million from RMB64.0 million in the same period of 2020, primarily due to the increase in real estate projects under sales, construction and delivery of New Hope Property Group, which enabled the Company to undertake more related business (such as sales office service).

The table below sets forth the breakdown of revenue derived from value-added services to non-property owners for the periods indicated:

	For the six months ended 30 June 2021		For the six months ended 30 June 2020	
	Revenue (RMB'000)	Percentage	Revenue (RMB'000)	Percentage
Sales office management services	59,820.7	59.0%	41,922.1	65.5%
Preliminary planning and design consultancy, pre-delivery and repair and maintenance services	36,380.1	35.9%	18,562.8	29.0%
Other services	5,118.5	5.1%	3,511.0	5.5%
Total	<u>101,319.3</u>	<u>100%</u>	<u>63,995.9</u>	<u>100%</u>

Commercial Operational Services

The Group's commercial operational services comprise three categories: (i) market research and positioning and opening preparation services; (ii) commercial operation services; and (iii) commercial properties leasing.

The Group provides commercial operational services to commercial properties, including shopping centers, shopping streets, office buildings, specialty markets and industrial parks. We have a long-term and stable cooperation with the New Hope Property Group, and have provided commercial operational services to all commercial properties developed by New Hope Property Group.

The table below sets forth a breakdown of our total revenue from commercial operational services by service category for the periods indicated:

	For the six months ended 30 June 2021		For the six months ended 30 June 2020	
	Revenue (RMB'000)	Percentage	Revenue (RMB'000)	Percentage
Market research and positioning and opening preparation services	10,961.4	16.6%	1,920.7	3.7%
Commercial operation services	42,415.2	64.1%	43,278.7	84.5%
Commercial properties leasing	12,800.3	19.3%	6,026.3	11.8%
Total	66,176.9	100%	51,225.7	100%

During the first half of 2021, the revenue from commercial operational services increased by 29.2% to approximately RMB66.2 million as compared with RMB51.2 million for the corresponding period in 2020, which was mainly due to the increase in revenue from market research and positioning and opening preparation services and commercial properties leasing. The revenue proportion of market research and positioning and opening preparation services increased from 3.7% to 16.6%, which was mainly attributable to the increase in revenue generated from strategy research and start-up fee of proposed projects in 2021 and upgrading and positioning of projects.

Lifestyle Services

We offer a wide range of lifestyle services, comprising (i) community living services, including turnkey furnishing services, repair and maintenance services for property owners and residents, convenient living services, and common area management services; (ii) community asset management services, including carpark related services and property agency services; (iii) online and offline retail services and catering services; (iv) marketing event organization services; and (v) community space operational services.

The following table sets forth a breakdown of our revenue from lifestyle services for the periods indicated:

	For the six months ended 30 June 2021		For the six months ended 30 June 2020		Growth rate %
	Revenue (RMB'000)	Percentage	Revenue (RMB'000)	Percentage	
Community living services	36,453.1	40.8%	11,389.2	34.5%	220.1%
Community asset management services	14,898.8	16.7%	4,657.0	14.1%	219.9%
Online and offline retail services and catering services	18,803.4	21.0%	10,090.5	30.6%	86.3%
Marketing event organization services	18,765.2	21.0%	6,793.0	20.6%	176.2%
Community space operational services	490.4	0.5%	82.8	0.2%	492.3%
Total	89,410.9	100%	33,012.5	100%	170.8%

During the Period, we obtained contracts for our lifestyle services primarily through commercial negotiations with the customers. In the first half of 2021, the revenue from lifestyle services has increased by 170.8% from RMB33.0 million for the six months ended 30 June 2020 to RMB89.4 million, among which, the revenue from community living services has increased by 220.1% from RMB11.4 million for the six months ended 30 June 2020 to RMB36.5 million for the six months ended 30 June 2021, primarily due to the increase of GFA under management. At the same time, the Company had established a Space Operation Center in 2021 to actively explore the development opportunity of community space resources and improve the business expansion effort, which resulted in a significant increase of revenue. The revenue from the community asset management service has increased by 219.9% from RMB4.7 million for the six months ended 30 June 2020 to RMB14.9 million, primarily due to (i) the launch of smart parking system in the projects under our management improving the efficiency of management on parking revenue and (ii) the increase of revenue from parking space agency services brought about by the increase of projects under management. The revenue from online and offline retail services and catering services has increased by 86.3% from RMB10.1 million for the six months ended 30 June 2020 to RMB18.8 million for the six months ended 30 June 2021, primarily due to our substantial resource investment in 2020 to expand our market share which achieved a corresponding rapid growth of revenue in 2021.

PROSPECTS

Continue to expand in the metropolitan areas and urban agglomerations in China to increase our business scale

The scale growth was one of the development focuses in the future. We will continue to expand our business in the metropolitan areas and urban agglomerations in China, especially the first-tier, new first-tier and second-tier cities in the Chengdu-Chongqing urban agglomeration and the Eastern China region, and continue to consolidate our market position in these areas. To achieve our expansion goal, we will continue to cooperate with New Hope Group and the New Hope Property Group for development. We also plan to actively seek opportunities to manage properties developed by independent third-party property developers through participating in tendering processes and through strategic acquisition and investment. We also plan to continue to expand our collaboration with independent third-party property developers to reduce our reliance on New Hope Property Group, its joint ventures and associates and associates of our controlling shareholders while further increasing our market share. We established a cooperation development center at the headquarters level and cooperation development departments at regional company levels to develop business with independent third-party property developers. We plan to establish business relationship with independent third-party property developers by leveraging the existing relationship between the acquired property management companies and such independent third-party property developers, and seek opportunities to further procure property management service contracts for other property projects developed by them. Moreover, we aim to manage more non-residential properties, such as school property projects, public property projects and transit-oriented development (TOD) projects, to further diversify our portfolio of properties under management.

Focusing on the residents' desire for a better life, connect New Hope Group's industries to continue to enhance our lifestyle services

By focusing on the residents' desire for a better life, we plan to focus on further developing our lifestyle services, including turnkey furnishing services, convenient living services, community asset management services, online and offline retail services and catering services, marketing event organization services and community space operational services. We will continue to strengthen our cooperation with New Hope Group to make full use of its diverse industry coverage and rich resources to expand our lifestyle services. For example, based on our understanding of the customers' demands, we plan to explore the product supplies available from New Hope Liuhe Co., Ltd. (新希望六和股份有限公司), New Hope Dairy Co., (新希望乳業股份有限公司) and diversify our product offerings for our online and offline retail services and catering services and create diversified product assortment for our customers. We also plan to enhance cooperation with companies under the New Hope Group, for example, to operate canteens and provide catering services for them. We will continue to increase the scale and offerings of our lifestyle services through organic growth and external expansion and enhance the overall living experience of our property owners and residents.

In addition, based on our national service layout, as well as our successful experience in developing new services offerings in the past, we will continue to develop new lifestyle service businesses. As part of this effort, we will explore opportunities to build competitive lifestyle businesses that can provide services to customers beyond our existing customer group, such as residents living in surrounding neighborhoods or other business customers in a variety of industries. We will also look for strategic acquisition and investment opportunities to help us continuously provide competitive lifestyle services for our consumers.

Continue to improve the service capacity of the Company to lay foundation for lifestyle service development through premium service quality, high service capacity and high satisfaction

Based on “1+4+4” green living service system, we will improve customer service experience and satisfaction by matching and connecting customers’ demands and resources. In particular, one basic service system refers to the adhering of “premium living services in four areas” to provide environmental protection, customer services, safety maintenance and engineering maintenance services, so as to meet customers’ common living needs and requirements for refreshing visual sense. For property management, we made arrangement focusing on four functions, namely “housing inspection, gardener services, space building and intelligent services”. For feeling establishment, the core was four humanistic cares, namely “blue collar care, escorting at deep night, multi-dimensional housekeeper and green living circle”.

We adhere to standard management of quality, establish the protection mechanism that meets standard requirement, and continuously improve management level by regulating standard management process. Meanwhile, leveraging process and quality supervision and examination and verification management mechanism, we interfere and control the quality risks to reduce quality emergencies.

We continue to improve customer service capacity with “customer experience” as our core management benchmark, create “multi-dimensional housekeeper” that features service characteristics of New Hope, and construct core service competitiveness. By focusing on customers’ demands and service experience, we gradually realize the design and creation of comprehensive intelligent scenarios for the expansion of customer channels. Focusing on the core concept of “more convenient communication, more efficient treatment and more heartfelt services”, we further improve customer satisfaction.

We continue to inspire employees’ service awareness and prepare learning resources that are for work scenarios and corresponding content through learning and professional empowerment. In addition, through effective inspiration, we facilitate employee development, promote creative service implementation and upgrade customer experience.

Continue to increase investments in technologies to improve service quality as well as operating efficiency

We will continue to invest in technologies to improve our services to meet the evolving needs of customers, to build the community ecosystem, and to improve our operating efficiency. We expect to focus on the following three directions: customer service, technology empowerment, and lean management.

Customer service. We plan to upgrade our customer service platform, accelerate the development of a big data system, and improve the coverage of intelligent hardware, in an effort to further improve our service quality, enhance the customer experience and improve customer satisfaction. We plan to upgrade our customer service platform to integrate richer and more convenient one-stop services. Through “offline housekeeper + online platform” model, we can make precise match to the needs of customers and use data analysis to assist to enrich our service offerings and improve service quality. We will increase investment in technologies and expand their coverage in more projects under our management. We plan to provide customers with more intelligent and more secure technologies covering traffic control, security protection, environmental protection, and living scenarios.

Lean management. We plan to upgrade our information technology platforms to improve operating efficiency. We plan to build and optimize our smart management systems, including but not limited to financial management system and supply chain management system, and to provide data analysis to support decision-making and improve management efficiency. We will focus on the development and optimization of the systems and platforms related to our intelligent IoT system, centralized control of equipment and facilities, as well as intelligent equipment and hardware, and work order management platform, to achieve equipment automatic inspection, malfunction early warning, centralized work order assignment, work order tracking, and work order result evaluation and analysis and to further improve operational efficiency and reduce labor cost.

Business development. We plan to integrate business lines such as property management services, community space operation, commercial operational services, and community living services onto a customer service platform, backed by a single centralized background operation system and featuring a unified customer portal. We believe this will help us integrate our service offerings and allow our customers to browse and choose all of the service offerings made available to them, so as to continuously deepen community service operation.

FINANCIAL REVIEW

Revenue

The Group's revenue primarily generated from four business lines: (i) property management services; (ii) value-added services to non-property owners; (iii) commercial operational services; and (iv) lifestyle services. The Group's revenue increased by RMB173.5 million or 75.7% to RMB402.8 million for the six months ended 30 June 2021 from RMB229.3 million for the six months ended 30 June 2020, which was primarily attributable to (i) the increase in revenue from property management service arising from by the increase in the GFA under management of the Group; and (ii) the increase in revenue from lifestyle services.

The following table sets forth a breakdown of our total revenue by business line during the periods indicated:

	For the six months ended 30 June			
	2021		2020	
	(RMB'000)	Percentage of total revenue %	(RMB'000)	Percentage of total revenue %
Property management services	145,939.6	36.2	81,108.8	35.4
Value-added services to non-property owners	101,319.3	25.2	63,995.9	27.9
Commercial operational services	66,176.9	16.4	51,225.7	22.3
Lifestyle services	89,410.9	22.2	33,012.5	14.4
Total	402,846.7	100	229,342.9	100

The property management services are our largest source of revenue. As at 30 June 2021, the revenue from property management services was RMB145.9 million, accounting for 36.2% of the Group's total revenue. This increase in revenue was primarily driven by the significant increase of revenue from property management services, which was brought about by the increase of GFA under management of the Group from 7.0 million sqm. as at 30 June 2020 to 12.5 million sqm. as at 30 June 2021.

The revenue from value-added services to non-property owners increased by 58.3% from approximately RMB64.0 million for the six months ended 30 June 2020 to approximately RMB101.3 million for the six months ended 30 June 2021, which was mainly driven by the increase in number of real estate projects under sales, construction and delivery of New Hope Property Group in the first half of 2020.

The increase by 29.2% from RMB51.2 million for the six months ended 30 June 2020 to RMB66.2 million for the six months ended 30 June 2021 in revenue from commercial operational services was mainly due to commencement of operation of a new commercial subleasing service and the provision of marketing and positioning service of our Group for commercial property projects in the first half of 2021.

The revenue from lifestyle service increased from approximately RMB33.0 million, representing 14.4% of total revenue of the Group for the six months ended 30 June 2020 to approximately RMB89.4 million, representing 22.2% of total revenue of the Group for the six months ended 30 June 2021, which was mainly driven by the increase of revenue generated from (i) community space operational services and community asset management service and (ii) online and offline retail services and catering services and marketing event organization services. On the one hand the Group had more properties under management, which had driven the increase of the revenue from community space operational services and community asset management service, on the other hand, the Group actively invest in and expand its lifestyle services business especially in the areas of online and offline retail services and catering services and marketing event organization services during the Period.

Cost of Sales

Our cost of sales represents costs directly attributable to the provision of our services and consist primarily of (i) staff costs; (ii) outsourced labor costs; (iii) office expenses; (iv) maintenance costs; (v) material and cost of goods sold; (vi) energy and resources expenses; (vii) cleaning expenses; (viii) depreciation and amortization charges; and (ix) all other costs of sales, which consist primarily of business consultation expenses, entertainment expenses, and costs of low-value consumption goods such as office supplies and stationery. For the six months ended 30 June 2021, the total cost of sales of the Group was approximately RMB231.0 million, which increased by approximately RMB101.0 million or approximately 77.8% as compared to approximately RMB130.0 million for the same period of 2020. The rate of increase in cost of sales was higher than that of our revenue, primarily because due to the increase of property management services and lifestyle services accounted for total revenue of the Group, which have a relatively lower gross profit margin.

Gross Profit and Gross Profit Margin

The gross profit of the Group increased by RMB72.4 million or 72.9% to RMB171.8 million for the six months ended 30 June 2021 from RMB99.4 million for the six months ended 30 June 2020.

The following table sets forth a breakdown of our gross profit and gross profit margin by business line during the periods indicated:

Type	For the six months ended 30 June		2020	
	2021			2020
	<i>Gross profit</i>		<i>Gross profit</i>	
	(RMB'000)	margin %	(RMB'000)	margin %
Property management services	45,541.8	31.2	26,214.1	32.3
Value-added services to non-property owners	41,290.7	40.8	27,001.6	42.2
Commercial operational services	43,403.5	65.6	35,212.1	68.7
Lifestyle services	41,603.7	46.5	10,962.1	33.2
Total	171,839.7	42.7	99,389.9	43.3

For the six months ended 30 June 2021, the gross profit margin of the Group decreased by 0.6 percentage points as compared with the corresponding period last year.

Our gross profit margin of property management services decreased by 1.1%, primarily because we would no longer enjoy the government subsidies granted in 2020 for the COVID-19 pandemic during the Period.

Our gross profit margin of value-added services to non-property owners decreased by 1.4%, which remained stable compared with corresponding period last year.

Our gross profit margin of commercial operational services decreased by 3.1%, primarily due to the relatively low gross profit margin for subleasing business starting from the second half of 2020.

Our gross profit margin of lifestyle services increased by 13.3%, primarily due to the increase of community space operational services and community asset management service, which have a higher gross profit margin, in the proportion of total revenue. On the other hand, the scale expansion of online and offline retail services and catering services business had resulted in the reduction of its cost and the improvement of efficiency.

Other Net Income

The other net income of the Group increased by RMB2.1 million or 525% to RMB2.5 million for the six months ended 30 June 2021 from RMB0.4 million for the six months ended 30 June 2020, which was primarily attributable due to a policy that taxpayers who enjoy production and life service industries can enjoy an increase in tax incentives that can be deducted from the input tax plus 10%.

Administrative Expenses

Our administrative expenses include (i) staff costs; (ii) professional fees, (iii) office and business entertainment expenses; (iv) depreciation and amortization; (v) listing expenses; (vi) tax expense; and (vii) all other administrative expenses, which primarily consist of office expenses, tax expenses, hiring and training expenses, and cleaning expenses. Total administrative expenses of the Group were approximately RMB101.3 million for the six months ended 30 June 2021, which increased by approximately RMB56.0 million or approximately 123.6% as compared to approximately RMB45.3 million for the six months ended 30 June 2020. Such increase was mainly incurred in (i) costs for employees for the expansion of business and the launch of new life style service; and (ii) the listing related expenses.

Selling Expenses

The selling expenses of the Group increased by RMB0.9 million or 128.6% to RMB1.6 million for the six months ended 30 June 2021 from RMB0.7 million for the six months ended 30 June 2020. The increase in expenses is mainly due to expenses incurred by the Group for the expansion of its business during the Period.

Finance costs, net

The finance costs of the Group decreased by RMB0.6 million or 40.0% to RMB0.9 million for the six months ended 30 June 2021 from RMB1.5 million for the six months ended 30 June 2020, which were primarily attributable to the decrease in non-recurrence for asset-backed securities related expenses in 2021.

Income Tax Expense

For the six months ended 30 June 2021, the income tax of the Group was approximately RMB10.9 million (for the six months ended 30 June 2020: RMB8.6 million) and the trend is consistent with the increase of profit of the Company during the Period.

Profit for the Period

The net profit of the Group increased by approximately RMB15.4 million or approximately 35.2% to approximately RMB58.9 million for the six months ended 30 June 2021 from approximately RMB43.5 million for the six months ended 30 June 2020.

The net profit excluded the listing expenses of the Group increased by approximately RMB36.1 million or approximately 82.8% to approximately RMB79.6 million for the six months ended 30 June 2021 from approximately RMB43.5 million for the six months ended 30 June 2020.

Core Net Profit Attributable to Owners of the Parent Company

The core net profit attributable to owners of the parent company excluded the listing expenses. The core net profit attributable to owners of the parent company increased by approximately 82.8% to approximately RMB79.6 million for the six months ended 30 June 2021 from approximately RMB43.5 million for the six months ended 30 June 2020.

Property, Plant and Equipment

Property, plant and equipment of our Group mainly consists of machinery, vehicles, electronic equipment, office and other equipment, furniture and fixtures, and right-of-use assets. As at 30 June 2021, the Group's property, plant and equipment was approximately RMB16.0 million, a decrease by approximately RMB1.1 million from approximately RMB17.1 million as at 31 December 2020, mainly due to depreciation of fixed assets in 2021.

Trade Receivables

Trade receivables primarily arise from our provision of property management services, value-added services to non-property owners, commercial operational services and lifestyle services. The Group's trade receivables as at 30 June 2021 amounted to approximately RMB171.7 million, representing an increase of approximately RMB8.5 million or 5.2% as compared to approximately RMB163.1 million as at 31 December 2020, which was consistent with the trend of income growth.

Prepayments, Deposits and Other Receivables

Prepayment, deposits and other receivables increased by 57.1% from RMB38.1 million as at 31 December 2020 to RMB59.9 million as at 30 June 2021, primarily due to the increase of prepayments brought by the development of our business and the increased investment in informatization construction had not been carried over to intangible assets since the acceptance conditions have yet been met.

Trade Payables

The Group's trade payables as at 30 June 2021 amounted to approximately RMB62.9 million, representing an increase of approximately RMB19.3 million or 44.2% as compared to approximately RMB43.7 million as at 31 December 2020, which is mainly due to the development of our business.

Other Payables and Accruals

Other payables and accruals increased by 31.6% from RMB172.2 million as at 31 December 2020 to RMB226.6 million as at 30 June 2021, primarily due to the increase amount of received deposits, security deposits with the development of our business.

Financial Position and Capital Structure

For the six months ended 30 June 2021, the Group maintained a sound financial position.

As at 30 June 2021, the Group's current ratio (current assets/current liabilities) was 2.4 times (31 December 2020: 1.2 times) and net gearing indicated a net cash status (31 December 2020: net cash). Net gearing ratio is calculated by interest-bearing borrowings minus cash and cash equivalents, and then divided by net assets. As at 30 June 2021 and 31 December 2020, the Group did not have any outstanding interest-bearing borrowings.

Pledge of Assets

As at 30 June 2021, none of the assets of the Group were pledged (31 December 2020: Nil).

Contingent Liabilities

As at 30 June 2021, the Group did not have any material contingent liabilities (31 December 2020: Nil).

Interest Rate Risk

As the Group had no significant interest-bearing assets and liabilities, the Group is not exposed to material risk directly relating to changes in market interest rate.

Foreign Exchange Risk

The Group mainly operates its business in the PRC, and substantially all of its revenue and expenses are denominated in Renminbi. As at 30 June 2021, among the Group's cash and bank balances, RMB21.6 million and RMB0.05 million was denominated in Hong Kong dollars and US dollars, respectively, such amounts were subject to the exchange rate fluctuation. The Group does not have any policy to hedge against foreign exchange risk. However, the Group will closely monitor its foreign exchange exposure, and strive to maintain the value of the Group's cash.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the Period and as at 30 June 2021, there were no significant investments held by the Group.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE ENTERPRISES

During the Period, the Group had undergone acquisitions and disposals of subsidiaries for the purpose of the reorganization in preparation for the Listing (as defined below). Please refer to the Prospectus (as defined below) for further details.

Save as disclosed in the Prospectus, the Company has no other significant investments or significant acquisitions or disposals of subsidiaries, associates and joint ventures during the Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS ON CAPITAL ASSETS

The Group intends to utilise the net proceeds raised from the Listing (as defined below) according to the plans set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. For details, please refer to section headed "Use of Net Proceeds from the Listing" below.

Save for the above, the Group did not have any other immediate plans for material investments and capital assets as at 30 June 2021.

EVENTS AFTER THE PERIOD

No important events affecting the Group which have occurred since the end of the Period.

INTERIM DIVIDEND

The Company did not declare any dividend for the six months ended 30 June 2021.

USE OF NET PROCEEDS FROM THE LISTING

The Company's shares were listed (the "Listing") on the Stock Exchange on 25 May 2021 (the "Listing Date") and the over-allotment option was partially exercised on 11 June 2021. The Company intends to utilize the net proceeds from the Listing according to the plans set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 11 May 2021 (the "Prospectus"). Net proceeds from the Listing (including the partial exercise of the over-allotment options), after deducting the underwriting commission and other estimated expenses in connection with the Listing, amounted to approximately HK\$790.0 million (equivalent to approximately RMB648.7 million). As at 30 June 2021, an analysis of the utilisation of proceeds from the Listing is as follows:

Major Categories	% of Total Proceeds	Amount (HK\$ in millions)	Sub-categories	Specific Plans	% of Total Proceeds	Actual use of net proceeds from the date of Listing to	Unutilised net proceeds as at	Expected timeframe of the intended use of proceeds (HK\$ in millions)				
						30 June 2021 (HK\$ in millions)	30 June 2021 (HK\$ in millions)	Jul.-Dec. 2021	Jan.-Jun. 2022	Jul.-Dec. 2022	Jan.-Jun. 2023	Jul.-Dec. 2023
Strategic acquisition and investment	70.0%	553.0	Acquire and invest in other property management companies	We expect to further expand our business and diversify the property portfolio and further solidify our market position by acquiring or investing in other property management companies that focus on residential properties and non-residential properties such as office buildings, commercial complexes, and healthcare and education facilities	61.7%	-	487.4	333.5	153.9	-	-	-
			Acquire and invest in other companies providing lifestyle services	We to acquire or invest in companies offering lifestyle services, such as daycare services, in order to further develop our service ecosystem and improve our customer satisfaction	8.3%	-	65.6	-	-	65.6	-	-

Major Categories	% of Total Proceeds	Amount (HK\$ in millions)	Sub-categories	Specific Plans	% of Total Proceeds	Actual use of net proceeds from the date of Listing to	Unutilised net proceeds as at	Expected timeframe of the intended use of proceeds (HK\$ in millions)				
						30 June 2021	30 June 2021	Jul.-Dec. 2021	Jan.-Jun. 2022	Jul.-Dec. 2022	Jan.-Jun. 2023	Jul.-Dec. 2023
						(HK\$ in millions)	(HK\$ in millions)					
Upgrade information system and equipment	15.0%	118.5	Middleground system	We expect to invest in the middleground systems, including, among others, (i) data middleground system and infrastructural data management system to integrate the data available for our business operation under different business segments, (ii) customer relationship management system to meet additional technology needs arising from our business expansion for a variety of our service offerings and the upgrades of our overall information system structure, and (iii) membership system to achieve centralized management of customer membership in different business segments and to generate more business value from customer membership data	3.0%	–	23.6	11.7	2.5	5.8	1.1	2.5
			Property management support system	We plan to purchase a centralized management standardization system to achieve standardized management of our property management projects across the PRC and improve our overall operation efficiency and service quality	0.3%	–	2.2	0.4	0.4	0.8	0.2	0.4

Major Categories	% of Total Proceeds	Sub-categories	Specific Plans	% of Total Proceeds	Actual use of net proceeds from the date of Listing to	Unutilised net proceeds as at	Expected timeframe of the intended use of proceeds (HK\$ in millions)				
					30 June 2021 (HK\$ in millions)	30 June 2021 (HK\$ in millions)	Jul.-Dec. 2021	Jan.-Jun. 2022	Jul.-Dec. 2022	Jan.-Jun. 2023	Jul.-Dec. 2023
		Lifestyle service support system	We expect to invest in information technology platforms to support our lifestyle services, including, among others, (i) to develop and optimize our ERP system to add features such as direct links to invoice printer and electronic invoice system, and access to online payment system and payment systems for other channels, and warehouse inventory management function, and (ii) to develop information technology platforms to support our community space operational services, online and offline retail services and catering services and community asset management services by adding features such as leasable space management function, contract management function, supplier information sharing function, to achieve efficient operation and management of these business lines	1.9%	–	15.2	5.7	1.8	4.1	1.1	2.5

Major Categories	% of Total Proceeds	Sub-categories	Specific Plans	% of Total Proceeds	Actual use of net proceeds from the date of Listing to	Unutilised net proceeds as at	Expected timeframe of the intended use of proceeds (HK\$ in millions)				
					30 June 2021	30 June 2021	Jul.-Dec. 2021	Jan.-Jun. 2022	Jul.-Dec. 2022	Jan.-Jun. 2023	Jul.-Dec. 2023
					(HK\$ in millions)	(HK\$ in millions)					
		Corporate infrastructural operation system	We expect to optimize our corporate infrastructural operation systems, including, among others, (i) to develop business plan management system to add functions consolidating each subsidiary's business management, quality control, supply chain management, contract management, accounting management at our headquarters, (ii) to upgrade our financial indicator management and reporting system to achieve additional features such as refined cost and expense management at project level, streamlined internal expense approval procedure and data generation and display of revenue, costs, profits and other key financial indicators at different corporate levels, (iii) to update our settlement system to add additional features such as unified accounting items at different corporate levels, centralized management of receivables and functions to support the financial data analysis for various business decisions, and (iv) to upgrade our cost control system to achieve functions such as centralized supply contract management and payment schedule management and functions to support the centralized customer and supplier database	1.4%	–	11.1	4.7	1.2	2.9	0.7	1.6

Major Categories	% of Total Proceeds	Sub-categories	Specific Plans	% of Total Proceeds	Actual use of net proceeds from the date of Listing to	Unutilised net proceeds as at	Expected timeframe of the intended use of proceeds (HK\$ in millions)				
					30 June 2021	30 June 2021	Jul.-Dec. 2021	Jan.-Jun. 2022	Jul.-Dec. 2022	Jan.-Jun. 2023	Jul.-Dec. 2023
					(HK\$ in millions)	(HK\$ in millions)					
		Intelligent community pilot projects	We plan to invest in four intelligent community pilot projects in Chengdu-Chongqing urban agglomeration. Such pilot projects are expected to be fully covered by RMA system, cloud-based intelligent traffic control system and intelligent security protection system to prepare for more extensive coverage of these intelligent systems in the property projects under our management	5.4%	–	42.8	8.5	8.5	8.6	8.6	8.6
		Human resources to support information technology upgrades	We plan to recruit information technology and management professionals, including, among others, research and development engineers and managers, product managers and project managers Specifically, we plan to recruit approximately five to 10 technical experts and product experts with annual salary of approximately RMB300,000 to RMB600,000 per person, whose work assignment would encompass developing and optimizing intelligent IoT system	3.0%	–	23.7	–	6	5.9	5.9	5.9

Major Categories	% of Total Proceeds	Amount (HK\$ in millions)	Sub-categories	Specific Plans	% of Total Proceeds	Actual use of net proceeds from the date of Listing to	Unutilised net proceeds as at	Expected timeframe of the intended use of proceeds (HK\$ in millions)				
						30 June 2021	30 June 2021	Jul.-Dec. 2021	Jan.-Jun. 2022	Jul.-Dec. 2022	Jan.-Jun. 2023	Jul.-Dec. 2023
						(HK\$ in millions)	(HK\$ in millions)					
Talent recruitment and team building	5.0%	39.5	N/A	We plan to recruit approximately 200 to 400 individuals for various positions, including management trainees, senior management, professionals for our property management services to non-residential properties such as schools and hospitals, our lifestyle services, our brand operation, business development and strategic acquisition and investment and several professional managers for our regional companies, in order to support our business expansion	5.0%	–	39.4	–	9.8	9.8	9.9	9.9
				We expect our hiring policy to continue to follow our historical hiring policies. We generally do not require working experience for management trainees, but would require certain years of relevant working experience for other positions depending on the seniority of the position. We would require or prefer the candidates to hold relevant qualifications and credentials for positions that require certain professional skills, such as programming, accounting, and others. The annual salary for an individual hire would range from RMB60,000 to RMB500,000, depending on the positions and the specific case of each hire								

Major Categories	% of Total Proceeds	Amount (HK\$ in millions)	Sub-categories	Specific Plans	% of Total Proceeds	Actual use of net proceeds from the date of Listing to	Unutilised net proceeds as at	Expected timeframe of the intended use of proceeds (HK\$ in millions)				
						30 June 2021 (HK\$ in millions)	30 June 2021 (HK\$ in millions)	Jul.-Dec. 2021	Jan.-Jun. 2022	Jul.-Dec. 2022	Jan.-Jun. 2023	Jul.-Dec. 2023
Working capital	10.0%	79.0	N/A	We expect to have increasing needs for working capital as a result of our expected rapid and organic expansion as well as diversifying service offerings and property portfolio under management	10.0%	0.2	78.8	78.8	-	-	-	-
	100.0%	790.0			100.0%	0.2	789.8	443.3	184.1	103.5	27.5	31.4

The remaining net proceeds raised from Listing which had not been utilized were deposited with well-established and licensed commercial banks and authorized financial institutions. The expected timeframe for the unutilised net proceeds is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of the Company's business and the market conditions.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group had approximately 3,427 employees (31 December 2020: 3,442 employees). During the Period, the total staff costs were approximately RMB21.3 million (for the six months ended 30 June 2020: approximately RMB12.8 million).

In order to attract and retain high quality staff to enable smooth operation within the Group, the remuneration policy of the Group's employees are being reviewed periodically to ensure that the salary and benefit levels of the employees of the Group are competitive. The salaries and allowances of employees were determined based on their performance, experience and the then prevailing market rates. Discretionary performance bonus and share option scheme after assessments is in place for employees to reward their contributions. 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 mandatory provident fund schemes on behalf of its employees.

The Group continues to provide adequate on-the-job trainings to employees to equip them with practical knowledge and skills. The employee training programs primarily cover key areas in the Group's business operations, which provide continuous training to its existing employees at different levels to specialize and strengthen their skill sets.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of our shareholders and to enhance corporate value and accountability. The Company has adopted Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own code of corporate governance.

The Board reviewed the Company’s corporate governance practices and is satisfied that the Company has been in full compliance with all the applicable code provisions set out in the CG Code from the Listing Date to 30 June 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions conducted by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own Code of Conduct for securities transactions conducted by relevant Directors. After making specific enquires to all the Directors, each of them has confirmed that they have complied with the required standards set out in the Model Code from the Listing Date to 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save for the Company’s global offering (including the partial exercise of over-allotment options) and the capitalization issue as described in the Prospectus, there was no purchase, sale and redemption of any listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30 June 2021.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”), together with the management of the Company, has reviewed the unaudited condensed consolidated interim results for the six months ended 30 June 2021. The Audit Committee has also reviewed the effectiveness of risk management and internal control system of the Company, and considered the risk management and internal control system to be effective and adequate.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement has been published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (<http://www.newhopegroup.com>), and the interim report for 2021 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
New Hope Service Holdings Limited
Zhang Minggui
Chairman

Hong Kong, 20 August 2021

As at the date of this announcement, the Board comprises Ms. Wu Min and Ms. Chen Jing as executive Directors, Mr. Zhang Minggui (chairman of the Board), Mr. Jiang Mengjun, Mr. Dong Li and Ms. Huang Kun as non-executive Directors and Mr. Cao Qilin, Mr. Yan Lap Kei Isaac and Mr. Li Zhengguo as independent non-executive Directors.