

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

(Incorporated in the Cayman Islands with limited liability)

Stock code: 2107



## INTERIM REPORT 2022

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Interim Report 2022

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

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

### Non-executive Directors

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

### Independent Non-executive Directors

Ms. Sun Jing (孫靜)  
Mr. Chen Sheng (陳晟) (appointed with effect from 30 March 2022)  
Mr. Cheng Peng (程鵬)  
Ms. Zhu Caiqing (朱彩清) (resigned with effect from 30 March 2022)

## AUDIT COMMITTEE

Ms. Sun Jing (*Chairlady*)  
Mr. Chen Sheng (appointed with effect from 30 March 2022)  
Mr. Cheng Peng  
Ms. Zhu Caiqing (resigned with effect from 30 March 2022)

## REMUNERATION COMMITTEE

Mr. Cheng Peng (*Chairman*)  
Mr. Zhang Peng  
Ms. Sun Jing (appointed with effect from 30 March 2022)  
Ms. Zhu Caiqing (resigned with effect from 30 March 2022)

## NOMINATION COMMITTEE

Mr. Zhang Peng (*Chairman*)  
Mr. Cheng Peng  
Mr. Chen Sheng (appointed with effect from 30 March 2022)  
Ms. Zhu Caiqing (resigned with effect from 30 March 2022)

## COMPANY SECRETARY

Ms. Szeto Kar Yee Cynthia (司徒嘉怡) (ACG, HKACG)

## AUTHORISED REPRESENTATIVES

Mr. Liu Peiqing  
Ms. Szeto Kar Yee Cynthia

## REGISTERED OFFICE

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

## HEADQUARTERS

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## HONG KONG LEGAL ADVISER

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

## INDEPENDENT AUDITOR

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

# Corporate Information

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

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

## **HONG KONG SHARE REGISTRAR**

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## **PRINCIPAL BANK**

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

## **COMPANY'S WEBSITE**

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

## Company Profile

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

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

First Service Holding has a wide presence in large and medium-sized cities across China with businesses involving residential buildings, villas, office buildings, hospitals, colleges and universities and industrial parks etc.. First Service Holding is a holder of the certificate of high and new technology enterprise at national level and is a council member of China Property Management Institute, with a level one property services qualification certificate issued by the Ministry of Housing and Urban-Rural Development (MOHURD). It has been ranked among the Top 100 Property Management Companies in China for eight consecutive years for its strong performance in comprehensive corporate management and green technology brand building. In 2022, it was awarded the top 100 Property Management Companies in China (中國物業企業百強榜), the top 100 Property Service Companies in China (中國物業服務力百強榜), and the top 100 Property Service Brands in China (中國物業服務品牌力百強榜).



# Financial Highlights

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<i>RMB'000</i>
Revenue	<b>553,183</b>	508,764
Profit before taxation	<b>33,187</b>	93,234
Profit for the period	<b>25,145</b>	71,753
Total comprehensive income for the period	<b>35,899</b>	67,297
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>RMB'000</b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	
<b>Assets</b>		
Non-current assets	<b>294,413</b>	288,423
Current assets	<b>1,066,205</b>	1,069,451
Total assets	<b>1,360,618</b>	1,357,874
<b>Equity and liabilities</b>		
Equity attributable to the equity shareholders of the Company	<b>609,340</b>	637,478
Total equity	<b>649,544</b>	673,520
Non-current liabilities	<b>42,728</b>	42,544
Current liabilities	<b>668,346</b>	641,810
Total liabilities	<b>711,074</b>	684,354
Total equity and liabilities	<b>1,360,618</b>	1,357,874

# Chairman's Statement

Dear stakeholders,

On behalf of the Board, I am pleased to present the business review of the Group for the six months ended 30 June 2022 and the Group's prospects.

## Performance Overview

In the first half of 2022, the real estate market remained to be bottomed-out, causing a systemic disorder in the upstream and downstream industrial ecology thereby severely impacted the property management industry. The development momentum and expected prospects of the property management industry were under immense pressure. Under the continuous market fluctuations and increasingly fierce competition, First Service Holding relied on its own development momentum, fully focused on expanding third parties businesses and being independent from substantial Shareholders, hence paving a way of its own in the market. The Company, which set forth its annual goal of organisational change, quality improvement, empowerment of human resources and increasing layout, started a new journey of service upgrading and keeping working hard, and have achieved good results.

In the first half of the year, the Company recorded a total revenue of RMB553.2 million, representing a period-over-period increase of 8.7%, of which revenue generated from our property management services amounted to RMB361.5 million, representing a period-over-period increase of 49.1%; revenue generated from our green living solutions amounted to RMB96.1 million, representing a period-over-period decrease of 17.5%; and revenue generated from our value-added services amounted to RMB95.6 million, representing a period-over-period decrease of 36.2%. Our overall business scale has expanded, but due to the downturn in the real estate market and the decline in the performance of real estate companies, the Company's gross profit margin and net profit margin have both declined to a certain extent.

While coping with challenges from the COVID-19 pandemic and the real estate market, the Company actively assumes social responsibility and strives to serve the needs of the society. Our mission is to provide customers with green, healthy and digitally connected living experience, with commitment to becoming an operator of full-life scene industry homes with green technology. Our Company will practice our customer-oriented service concept by paying more attention to the voice of property owners and the presentation of our service quality. In the first half of the year, the Spring Breeze Action (春風行動), the Summer Shower Action (夏沐行動) and Love My Home Action (愛我家園行動) were carried out in succession, in which we actively reached out to customers and solved customer problems in time, replanted 100,000 sq.m. of seedlings, carried out 539 community cultural activities, and conducted customer satisfaction surveys every month, with satisfaction increasing month by month. According to the ranking of listed Chinese property service companies in 2022 by the China Index Academy, First Service Holding ranked sixth in the non-residential services, and in the city satisfaction survey of property service companies conducted by Leju finance (樂居財經), the two participating cities, Beijing and Taiyuan, ranked amongst top ten in terms of brand property reputation.

The pandemic in the past three years has made us deeply aware that health and safety is paramount to both property owners and employees. As a leader in lifestyle services, we remain cautious by accumulating experience, revising processes, standardising systems, and actively carrying out training exercises in pandemic prevention and control, personal safety, fire prevention, flood control and other aspects. With the efforts of all parties, there has not been any cases of COVID-19 infection and major liability accident in the Company. Even during the peak of the COVID-19 pandemic, we were able to provide uninterrupted daily services and guarantee safety, thus ensuring that property owners are safe and secure. This does not only demonstrate the required sense of responsibility of any person in property management, but also provides satisfaction to property owners and the society.

# Chairman's Statement

## ***Steady expansion and diversification***

We continuously scaled up in our existing presence in cities and business lines so as to create constant revenue streams. First, in terms of urban layout, the Company has contracted to provide property management services in 104 cities across 25 provincial-level administrative regions in China, and plans to actively expand in the Western region in the future. In addition, in order to meet the diversified needs of property owners, we have launched the full-lifecycle and full life scene service. The existing value-added service offerings have been expanded to include a variety of fields such as community retail, home delivery service, decoration service and space management service. We are currently exploring services in the field of elderly community support. Moreover, we closely keep up with market trends, and have created accounts in WeChat Channel and Tik Tok. In the first half of the year, we released a total of 58 videos, covering multiple product lines such as home delivery, decoration, community business, real estate agent and market expansion, thereby enhancing product exposure and reputation which helps increase brand value. Up to now, the two platforms have exceeded 13,000 followers and the total video views have exceeded 500,000 times. In the future, we will keep improving our business model to achieve synergy among different business lines.

## ***Solidifying and enhancing research and development capabilities***

In terms of R&D of green living solutions, we made the following progress: (i) AI operation and maintenance cloud platform, which has completed four project deployments in the first half of the year and has been put into use. We achieved satisfactory energy-saving effect in the trial operation phase and estimated the actual energy-saving effect to be between 10% and 30%. Its wide application in the future can significantly reduce labour costs and improve the digitisation and refinement level of the entire energy operation and maintenance management, which is of great significance to the improvement of efficiency of energy operation; (ii) upgrading our AIRDINO systems for passive houses. The technological upgrade to low noise high static pressure noise fans can reduce the system noise by two to three decibels to meet the needs of quiet homes. The control system is subdivided into three types, including high, medium and low configurations, to meet different needs; (iii) completing the development of modular radiant ceiling systems with control of the absolute construction period to be within 15 days. We improved construction efficiency and reduced the difficulty in construction. The success of this research and development will support the promotion of C-end assembled household central modular air conditioning system.

## ***Effective exploration of city services***

On 15 April 2022, the Company officially released the “blueprint” for city services, a digital twin smart city service platform, to enter the field of smart city services. The Company integrated city services and digital twin technology to develop an urban service platform based on the Weihai port area, compile urban service plans which mainly focus on the subdivision of urban municipal management as the starting point, respond to the national urban governance strategy of “streamlining administration, delegating power, and optimising government services” (放管服), which covers five categories of business forms, namely municipal sanitation, greening management, river management, equipment management, community management. We are committed to realising the functions of unified management, control and scheduling of urban municipal business through the digital twin scenario. In the first half of the year, the Company actively held various urban roadshows. We adjusted and improved our solutions according to the needs of customers, and developed corresponding segmented urban service solutions and roadshow strategy for various customers, such as the water affairs bureau, the housing and urban rural development bureau and industrial parks.



# Chairman's Statement

## Outlook

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

- **Continuously scaling up property management business.** As a property management service provider, we will strive to expand our market share and enhance our brand awareness. We will allocate existing market expansion resources according to management cities, and focus on core cities. Meanwhile, for the existing property service projects, we will use current projects under management as radius so as to radiate surrounding areas of at least 5 kilometres and pull incremental resources into the market. In addition, we have also added various ways for building channels, fully connecting with our partners to achieve win-win cooperation in future expansion. In terms of post-investment management, on the one hand, we enter and take root in the local markets, radiate outward with projects as the core through the provision of services and relying on the influence of our brand, and establish property service types in big cities; on the other hand, we strive to leverage the synergy between businesses and finance, improve comprehensive efficiency, and achieve economies of scale.
- **Enhancing the intelligence of the community information technology.** In terms of intelligent community and information technology system, we have mainly completed the following work: (i) the upgrade of the Green Select Platform, so that there is an exclusive store in each region. In the future, we will actively cooperate with excellent suppliers to set up a community member operation system through community operation system, and provide property owners with high quality and convenient community shopping experience; (ii) in terms of city services, we have completed the construction of the digital twin smart city service platform and the official release of the "blueprint" for city services. At present, we have already completed a number of project information reserve and city roadshows. The Company targets the pain points of urban governance to integrate digital twin technology and city services, and establish a development strategy of smart city services. Through the empowerment of the "blueprint" of city services, we provide city managers with comprehensive and refined smart city services. At the same time, the Company also applies the "blueprint" to more property service scenarios to drive the city's intelligent management through technology, and lead the industry's technological innovation.
- **Continuously developing and commercialising green technologies.** In the future, we will emphasise on two main themes in our research and development. At the macro level, we will work on the extensive operation of the energy system. The AI operation and maintenance cloud platform is gradually promoted in the existing management projects. Through the AI operation and maintenance platform, a fully digitalised and fine operation and maintenance management system is built to comprehensively improve the level of operation and maintenance management. In the meantime, we plan to bring the AI operation and maintenance platform to the market and use the AI operation and maintenance platform to upgrade and transform a large number of old-dated energy automatic control systems in existing public facilities, achieve a breakthrough in the external expansion of business operation, and to use technology to drive the expansion of asset-light services. At the micro level, we will work on the C-end high-comfort quick installation air conditioning system. Regarding the research and development of C-end Siheng "Four Constant" (constant temperature, constant humidity, constant oxygen, constant quietness) products, the focus is on the integrated development of intelligent control system and intelligent home system, simplifying the number of panels on the wall, and improving the overall integrity and fashion sense of the system. Through the strong integration of business and hardcover solutions, technology drives sales and opens up retail system market channels.

## Chairman's Statement

- **Attracting and nurturing talents and building a learning organisation.** In the second half of the year, we will pay more attention to the establishment and training of internal talent echelon, and optimise and upgrade the existing training system. For different professions, employees of different ranks have successively received "Spark Camp" (星火營), "Starlight Camp" (星光營) and "Nebula Camp" (星雲營) training, which provides systematic training guarantee for employees' career development. The "Light Chasing Program" (逐光計劃) requires instructor certification, which has enriched the quantity and quality of the team of instructors. We also launched the "Boyue Program" (博約計劃) to enrich the content of the training course system. We believe that job stability and the long-term sustainable development of our employees are still important factors to the long-term growth of the Group's performance. Our "Talented Apprentice" (匠才生) training scheme remains to be executed efficiently and has achieved excellent results in which some "Talented Apprentices" have stood out in their posts. We will also continuously improve the internal and external talent recruitment mechanism, provide employees with competitive compensation strategies, and attract more outstanding talents to join us. In the first half of the year, the "Feng He Scheme" (風禾計劃) for self-improvement of senior management was held four times as scheduled, alongside self-improvement of executives. Building a learning organisation is still our goal for the second half of the year. We hope that through learning, we can build the core leadership of the senior management team in the era of changes, so as to enable the Company to make continuous breakthroughs, get victory and achieve rapid and steady development in the changing environment.

Looking forward, the Company will continuously uphold the operation philosophy of Technological Living, Homelike Service, with a view to providing our customers with green, healthy and digitally connected living experience. The Company will continue to focus on expanding the scale of development and the enrichment of business ecology, continue to accelerate the intelligent improvement of community management and urban governance, continue to research green and sustainable technologies and their applications, and build a resilient and strong organization and talent system. We will seize the opportunities, continuously solidify comprehensive competitiveness and move forward in accordance with our established strategies to achieve steady development with confidence and determination.

### Appreciation

The Board would like to express its sincere gratitude to the Shareholders, customers and suppliers of the Company for their continued support and trust. The Board would also like to thank all the employees and management team for implementing our Group's strategies with their professionalism, integrity and dedication.

**Zhang Peng**

Chairman

23 August 2022

# Management Discussion and Analysis

## Overview

We provide property management services that promote comfortable living through technological innovation and green living solutions that cover the full property life-cycle. While catering to all stages of the property life cycle, we strive to provide customers with digitally connected, green and healthy living experiences in residential and non-residential properties. As of 30 June 2022, we had contracted to provide property management services in 104 cities across 25 provincial-level administrative regions in China.

We witnessed both opportunities and challenges in the first half of 2022. Revenue increased by approximately 8.7% from RMB508.8 million for the six months ended 30 June 2021 to RMB553.2 million for the same period in 2022, primarily due to (i) an increase in revenue from Dalian Yahang and Qingdao Luohang, which were acquired by our Group in March 2021 and whose financial results were consolidated into the financial statements of our Group for three months only in the first half of 2021 as compared to six months in the first half of 2022, and (ii) an increase in GFA under management of residential properties.

Profit for the period decreased by approximately 65.0% from RMB71.8 million for the six months ended 30 June 2021 to RMB25.1 million for the same period in 2022, primarily due to the general downturn of the real estate market in China.

## Revenue

We generate revenue primarily through our three business lines, namely (i) property management services, (ii) green living solutions, and (iii) value-added services. Our revenue increased by 8.7% from RMB508.8 million for the six months ended 30 June 2021 to RMB553.2 million for the same period in 2022.

### ***Property Management Services***

Our property management services consist of cleaning, security, gardening and repair and maintenance services provided to property developers, property owners and residents. Revenue generated from our property management services increased by approximately 49.1% from RMB242.4 million for the six months ended 30 June 2021 to RMB361.5 million for the same period in 2022. This increase was primarily attributable to (i) the increase in revenue from property management services of Dalian Yahang and Qingdao Luohang, whose financial results were consolidated into our financial results for three months only in the first half of 2021 as compared to six months in the first half of 2022, and (ii) the increase in our GFA under management of residential properties as a result of our active expansion.

## Management Discussion and Analysis

The following table sets forth a breakdown of our total number of contracted property management projects/projects under management and our contracted GFA/GFA under management by property type as of the dates indicated or for the periods indicated:

	As of or for the six months ended 30 June											
	2022						2021					
	No. of contracted projects	Contracted GFA		No. of projects under management	GFA under management		No. of contracted projects	Contracted GFA		No. of projects under management	GFA under management	
		sq.m.'000	%		sq.m.'000	%		sq.m.'000	%		sq.m.'000	%
Residential properties	244	50,175	69.5	158	28,005	56.5	242	40,791	55.9	147	21,451	40.3
Public properties	131	6,698	9.3	131	6,698	13.5	131	12,853	17.6	131	12,853	24.2
Commercial and other properties	185	15,290	21.2	182	14,864	30.0	182	19,350	26.5	179	18,898	35.5
<b>Total</b>	<b>560</b>	<b>72,163</b>	<b>100.0</b>	<b>471</b>	<b>49,567</b>	<b>100.0</b>	<b>555</b>	<b>72,994</b>	<b>100.0</b>	<b>457</b>	<b>53,202</b>	<b>100.0</b>

In the first half of 2022, the Group continuously strengthened its efforts in expansion in order to establish more high quality projects and scale up its business. Our contracted GFA and GFA under management of residential properties increased compared with the same period last year. The decrease in contracted GFA and GFA under management of public properties and other commercial properties is mainly because we revisited the contracted GFA and GFA management of the two acquired companies, which primarily managed public and commercial properties, in accordance with market practice.

The table below sets forth a breakdown of total number of contracted property management projects/projects under management and our contracted GFA/GFA under management, by project source:

	As of or for the six months ended 30 June											
	2022						2021					
	No. of contracted projects	Contracted GFA		No. of projects under management	GFA under management		No. of contracted projects	Contracted GFA		No. of projects under management	GFA under management	
		sq.m.'000	%		sq.m.'000	%		sq.m.'000	%		sq.m.'000	%
Modern Land Group <sup>(1)</sup>	92	22,064	30.6	61	13,779	27.8	114	18,756	25.7	80	11,406	21.4
Other associates of our controlling shareholders <sup>(2)</sup>	20	6,047	8.4	7	1,329	2.7	21	3,924	5.4	8	1,309	2.5
Third parties	448	44,051	61.0	403	34,459	69.5	420	50,314	68.9	369	40,487	76.1
<b>Total</b>	<b>560</b>	<b>72,163</b>	<b>100.0</b>	<b>471</b>	<b>49,567</b>	<b>100.0</b>	<b>555</b>	<b>72,994</b>	<b>100.0</b>	<b>457</b>	<b>53,202</b>	<b>100.0</b>

Notes:

- (1) Modern Land Group means Modern Land (China) Co., Limited (當代置業(中國)有限公司) (stock code: 1107) and its subsidiaries.
- (2) Including projects sourced from other associates of our controlling shareholders (excluding Modern Land Group), namely Modern Investment Group Co., Ltd., First MOMA Assets Management (Beijing) Co., Ltd. and Super Land Holdings Limited and each of their respective subsidiaries and 30%-controlled companies.

## Management Discussion and Analysis

### Green Living Solutions

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

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

	For the six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
Energy operation services	69,981	72.8	65,425	56.2
Systems installation services	23,983	25.0	34,708	29.8
Green technology consulting services	–	–	7,942	6.8
Sales of AIRDINO systems	2,088	2.2	8,295	7.2
<b>Total</b>	<b>96,052</b>	<b>100.0</b>	116,370	100.0

Revenue generated from our green living solutions decreased by approximately 17.5% from RMB116.4 million for the six months ended 30 June 2021 to RMB96.1 million for the same period in 2022. This decrease was primarily due to the Company's strategic contraction in businesses, such as systems installation services, green technology consulting services and sales of AIRDINO systems, in light of the general downturn of the real estate market in China.

### Value-Added Services

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

## Management Discussion and Analysis

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

	For the six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
<b>Value-added services to non-property owners</b>				
Sales assistance services	10,549	11.0	73,131	48.8
Preliminary planning and design consultancy services	2,510	2.6	6,746	4.5
<i>Subtotal</i>	<b>13,059</b>	<b>13.6</b>	79,877	53.3
<b>Community value-added services</b>				
Parking space management services	36,289	38.0	34,624	23.1
Home living services	38,411	40.2	28,278	18.9
Communal area leasing services	7,860	8.2	7,168	4.7
<i>Subtotal</i>	<b>82,560</b>	<b>86.4</b>	70,070	46.7
<b>Total</b>	<b>95,619</b>	<b>100.0</b>	149,947	100.0

Revenue generated from our value-added services decreased by approximately 36.2% from RMB149.9 million for the six months ended 30 June 2021 to RMB95.6 million for the same period in 2022. This decrease was primarily because we discontinued our sales assistance services on a large scale considering the difficulty in cash flow collection and the general downturn of real estate market in China.

### Cost of Sales

Our cost of sales increased by approximately 22.5% from RMB337.9 million for the six months ended 30 June 2021 to RMB414.1 million for the same period in 2022. The increase was primarily due to our expansion in the scale and improvement in the quality of our property management services.

### Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased by approximately 18.6% from RMB170.8 million for the six months ended 30 June 2021 to RMB139.1 million for the same period in 2022. Our gross profit margin decreased from 33.6% for the six months ended 30 June 2021 to 25.1% for the same period in 2022.

Our gross profit margin of our property management services decreased from 26.1% for the six months ended 30 June 2021 to 20.4% for the same period in 2022, which was primarily because (i) our newly sourced residential properties and public properties projects had lower gross profit margin than other residential properties we managed and (ii) we increased cost for enhancing quality of our property management projects.

## Management Discussion and Analysis

Our gross profit margin of our green living solutions decreased from 32.6% for the six months ended 30 June 2021 to 24.3% for the same period in 2022, which was primarily due to the decrease in revenue from green technology consulting services and sales of AIRDINO systems which typically have higher gross profit margin as we scale down these services in light of the general downturn of the real estate market in China.

Our gross profit margin of our value-added services decreased from 46.4% for the six months ended 30 June 2021 to 43.8% for the same period in 2022, which was primarily due to the decrease in revenue from sales assistance services which typically has higher gross profit margin as our sales assistance services were discontinued on a large scale in first half of 2022 considering the difficulty in cash flow collection and the general downturn of real estate market in China.

### Other Income

Our other income decreased by approximately 9.8% from RMB12.2 million for the six months ended 30 June 2021 to RMB11.0 million for the same period in 2022, primarily attributable to the decrease in interest on deposit.

### Selling Expenses

Our selling expenses decreased by approximately 19.5% from RMB6.7 million for the six months ended 30 June 2021 to RMB5.4 million for the same period in 2022, primarily due to the optimisation of our sales personnel structure according to our strategic restructuring leading to the decrease in sales personnel headcount.

### Administrative Expenses

Our administrative expenses increased by approximately 20.8% from RMB75.2 million for the six months ended 30 June 2021 to RMB90.8 million for the same period in 2022, primarily attributable to (i) increase in staff cost as a result of the establishment of regional management centers for effective management to meet the demands for business expansion and (ii) increase in severance compensation following optimisation of our personnel structure leading to decrease in headcount.

### Impairment Loss on Trade Receivables and Contract Assets

Our impairment loss on trade and other receivables and contract assets increased by approximately 159.1% from RMB7.6 million for the six months ended 30 June 2021 to RMB19.6 million for the same period in 2022, primarily due to recognition of the expected credit loss allowances for certain receivables due from customers from real estate sector as a result of the overall downturn of the real estate market in the PRC.

### Income Tax

Our income tax decreased by approximately 62.6% from RMB21.5 million for the six months ended 30 June 2021 to RMB8.0 million for the same period in 2022. This decrease was primarily attributable to the decrease in our profit before tax as a result of (i) the increase in cost of sales, mainly due to our effort to continuously improve the quality of property management services during the year and (ii) the increase in expected credit loss on trade receivables and contract assets.

### Profit for the Period

As a result of the foregoing, our profit for the period decreased by 65.0% from RMB71.8 million for the six months ended 30 June 2021 to RMB25.1 million for the six months ended 30 June 2022.

# Management Discussion and Analysis

## Trade and Other Receivables

As of 30 June 2022, trade and other receivables amounted to RMB493.4 million, representing an increase of approximately 16.1% as compared with RMB425.0 million as of 31 December 2021, which was generally in line with our revenue growth.

## Trade and Other Payables

As of 30 June 2022, trade and other payables amounted to RMB411.6 million, representing an increase of approximately 27.2% as compared with RMB323.7 million as of 31 December 2021. The increase was primarily due to (i) our business expansion and (ii) the improvement of our supply chain management in respect of supplier selection and approval of payments in pursuit of more flexible credit terms.

## Goodwill

As of 30 June 2022, our goodwill amounted to RMB181.7 million arising from acquisitions of Dalian Yahang and Qingdao Luohang in March 2021 in expectation of synergies and efficiencies from integrating the acquitted companies into the Group's existing property management business which is expected to help the Group become a more efficient and effective competitor in China.

## Contingent Consideration

As of 30 June 2022, the Group had contingent consideration totaling RMB40.2 million, which may arise from the performance undertaking provisions of acquisitions of Dalian Yahang and Qingdao Luohang. For details, please refer to the announcements of the Company dated 10 March 2021 and 30 March 2021. The Group's contingent consideration as of 30 June 2022 increased by approximately 1.7% from RMB39.5 million as of 31 December 2021. The increase was mainly attributable to an increase in interest on the balance of purchase price arising from the acquisitions of Dalian Yahang and Qingdao Luohang.

## Capital Structure

Our total assets increased from RMB1,357.9 million as of 31 December 2021 to RMB1,360.6 million as of 30 June 2022. Our total liabilities increased from RMB684.4 million as of 31 December 2021 to RMB711.1 million as of 30 June 2022. Liabilities-to-assets ratio increased from 50.4% as of 31 December 2021 to 52.3% as of 30 June 2022.

The current ratio, being current assets divided by current liabilities as of the respective date, decreased from 1.67 as of 31 December 2021 to 1.60 as of 30 June 2022.

## Liquidity, Capital Resources and Gearing

The Group adopts a stable and prudent approach on its finance and treasury policy, aiming to maintain an optimal financial position and minimal financial risks. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its current business operations as well as its future investments and expansion plans. For the six months ended 30 June 2022, we financed our operations primarily through internal resources, bank borrowings and the proceeds from the Global Offering. We mainly utilised our cash on payments on staff costs, purchases for services and materials and other working capital needs. Our cash and cash equivalents, which were mainly denominated in Renminbi, increased by 3.0% from RMB495.8 million as of 31 December 2021 to RMB510.5 million as of 30 June 2022, primarily attributable to the redemption of wealth management products.



# Management Discussion and Analysis

Our gearing ratio, being total interest-bearing borrowings divided by total equity, decreased from 3.04% as of 31 December 2021 to 0.02% as of 30 June 2022, primarily due to the repayment of short-term borrowings from major banks in the first half of 2022.

## Capital Expenditure

Our capital expenditure increased by approximately 168.8% from RMB1.6 million for the six months ended 30 June 2021 to RMB4.3 million for the same period in 2022. Our capital expenditure was used primarily for the purchase of office and other equipment, software and operation rights.

## Indebtedness

### Bank Loans

As of 30 June 2022, all of the Group's bank loans of RMB0.1 million (as of 31 December 2021: RMB20.5 million), which were denominated in Renminbi, were repayable within one year. The Group's bank borrowings amounting to RMB0.1 million as of 30 June 2022 (as of 31 December 2021: RMB20.5 million) were borrowings with fixed interest rates.

As of 30 June 2022, banking facilities of the Group totaling RMB0.1 million (as of 31 December 2021: RMB24.0 million) were utilised to the extent of RMB0.1 million (as of 31 December 2021: RMB20.5 million).

## Contingent Liabilities

As of 30 June 2022, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group that were likely to have a material and adverse effect on the Group's business, financial condition or results of operations.

## Interim Dividend

The final dividend for the year ended 31 December 2021 of HK6.77 cents per share, being HK\$67.7 million in aggregate, has been approved at the annual general meeting of the Company held on 21 June 2022 and was paid in cash on 12 July 2022.

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: nil).

## Pledge of Assets

As of 30 June 2022, the Group did not have any pledge of its assets.

## Significant Events After the Reporting Period

There are no material events subsequent to 30 June 2022 which could have a material impact on the operating and financial performance of the Group as of the date of this interim report.

# Management Discussion and Analysis

## Foreign Exchange Risk and Hedging

The Group mainly operates in the mainland China with most of the transactions denominated and settled in Renminbi. The Group has not hedged its foreign currency exchange risks, but will closely monitor the exposure and will take measures when necessary to make sure the foreign exchange risks are manageable.

## Material Acquisitions and Future Plans for Major Investment

The Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2022. In addition, save for the expansion plans as disclosed in the sections headed “Business” and “Future Plans and Use of Proceeds” in the Prospectus, the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

## Company Information

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

## Employees

As of 30 June 2022, we had a total of 4,067 employees, all of whom were based in China.

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

We believe that the long-term sustainable development of our employees is an important factor to the long-term growth of the Group’s performance. We implemented (i) the “Talented Apprentice” (匠才生) recruitment and training scheme to recruit fresh graduates with bachelor’s degree and above, so as to provide the Company with long-term core talent pools, (ii) the “Talented Leaders Scheme” (將才計劃) to hunt for and bring in mature business and management talents from external source, (iii) the “Starlight Training Scheme” (星光培訓計劃) to guarantee the provision of systematic training for the promotion of internal staff, and (iv) the “Star Rating Scheme” (星級評定計劃) to attract external talents and retain internal outstanding employees by constructing a differentiated salary system. We also initiated the “Feng He Scheme” (風禾計劃) to attach importance to the self-improvement of senior managements and executives of the Company and lay a solid foundation for the management of the Company, so as to maintain a rapid and healthy development for our Company. Moreover, we have adopted a Share Option Scheme to incentivize qualified employees and a Share Award Scheme to retain eligible persons.

## No Material Change

Since the publication of the Group’s annual report for the year ended 31 December 2021 on 28 April 2022, there has been no material change to the Group’s business.

# Management Discussion and Analysis

## Use of Proceeds

The Company was listed on the Stock Exchange on 22 October 2020. The net proceeds from the Global Offering amounted to approximately HK\$571.2 million, and have been, and are proposed to be, applied in accordance with the intended use of the proceeds as set out in (i) the section headed “Future Plans and Use of Proceeds” of the Prospectus and (ii) the Company’s announcement dated 10 June 2022 in relation to the change in use of proceeds. The following table sets forth the status of the use of net proceeds from the Global Offering<sup>(1)</sup> as of 30 June 2022:

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the Global Offering	Amount of used proceeds as of 30 June 2022 (In HK\$ millions)	Amount of unused proceeds as of 30 June 2022	Timeframe for the unused balance
<b>Strategic acquisitions or investments in property management companies</b>	<b>50.0</b>	<b>285.6</b>	<b>198.0</b>	87.6	By the end of 2023
<b>Distribute to the Shareholders by way of cash dividend <sup>(2)</sup></b>	<b>20.0</b>	<b>114.2</b>	–	114.2	By the end of 2023
Payment of the final dividend for the year ended 31 December 2021 <sup>(2)</sup>	<b>11.9</b>	<b>67.7</b>	–	67.7	By 12 July 2022
Payment of dividend in the upcoming financial years <sup>(2)</sup>	<b>8.1</b>	<b>46.5</b>	–	46.5	By the end of 2023
<b>Research and develop green technologies</b>	<b>5.0</b>	<b>28.6</b>	–	28.6	By the end of 2023
Upgrade AIRDINO No. 1 and No. 2	<b>1.0</b>	<b>5.7</b>	–	5.7	By the end of 2023
Upgrade AIRDINO No. 3	<b>2.0</b>	<b>11.4</b>	–	11.4	By the end of 2023
Research cross-seasonal energy storage capabilities in connection with ground-source heat pump systems	<b>0.75</b>	<b>4.3</b>	–	4.3	By the end of 2023
Research automated means of operating energy stations through IoT systems, big data and AI technologies	<b>1.25</b>	<b>7.1</b>	–	7.1	By the end of 2023
<b>Develop our intelligent community and enhance our Information technology systems</b>	<b>10.0</b>	<b>57.1</b>	–	57.1	By the end of 2023
Upgraded our internal systems	<b>2.8</b>	<b>16.0</b>	–	16.0	By the end of 2023
Develop our intelligent community	<b>7.2</b>	<b>41.1</b>	–	41.1	By the end of 2023
<b>Attracting and nurturing talent</b>	<b>5.0</b>	<b>28.6</b>	–	28.6	–
Expand hiring and recruitment initiatives under our “Talented Leaders Scheme” (將才計劃) and “Talented Apprentice Scheme” (匠才生計劃)	<b>4.175</b>	<b>23.9</b>	–	23.9	–
Supplement our existing training programs	<b>0.825</b>	<b>4.7</b>	–	4.7	–
<b>General business operations and working capital</b>	<b>10.0</b>	<b>57.1</b>	<b>9.6</b>	47.5	–
<b>Total</b>	<b>100.0</b>	<b>571.2</b>	<b>207.6</b>	363.6	By the end of 2023

# Management Discussion and Analysis

## Notes:

- (1) The figures in the table are approximate figures and are subject to rounding adjustments.
- (2) Up to 20.0% (or HK\$114.2 million) of the net proceeds from the Global Offering, which was originally intended to be used to invest in energy operation projects and obtain energy operation rights, has been changed to be used to distribute to the Shareholders by way of cash dividend. For details, please refer to the announcement of the Company dated 10 June 2022.
- (3) To the extent that the net proceeds from the Global Offering are not immediately required for the above purposes or if the Company is unable to put into effect any part of its plans as intended, the Company may temporarily use such funds to invest in short-term wealth management products so long as it is deemed to be in the best interests of the Company. In such event, the Company will comply with the appropriate disclosure requirements under the Listing Rules. Together with the income to be generated from the investment in wealth management products, the Company will continue to apply the unutilized net proceeds in the manner disclosed in the Prospectus.

## Effects of the Resurgence of COVID-19

Since the outbreak of COVID-19 in 2020, our management has not only closely monitored the effects on operational and financial performance of our Group as a result of COVID-19, but also proactively implemented various measures in our property management projects and devoted sufficient resources to prevent transmission of or mitigate exposure to the disease including, among others, setting up control points for temperature screening and COVID-19 testing points to assist governments in management of COVID-19, regularly cleaning and disinfecting common areas, waste disposal units, elevators and ventilator systems in our properties under management, placing hand sanitizers and disposable gloves in public areas and increasing the supply of suitable protective gear for our staff. During the six months ended 30 June 2022, we did not encounter material disruptions to our business operations and supply chain, nor terminations of our property management contracts and green living solutions engagements due to negative impacts of COVID-19. We also did not experience significant labor shortages. As at the date of this interim report, COVID-19 does not have a material adverse impact on the financial position and operating result of the Group.

## Other Information

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance its corporate value and accountability. The Company has adopted the CG Code as its own code of governance. The Company has complied with all the applicable code provisions set out in the CG Code during the six months ended 30 June 2022. The Company will continue to review and monitor its corporate governance practice to ensure compliance of the CG Code.

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

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. After making specific enquiry to all Directors, each of the Directors has confirmed that he/she has fully complied with the required standard set out in the Model Code during the six months ended 30 June 2022.

### AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

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

The Audit Committee has discussed with the management and external auditor the accounting principles and policies adopted by the Group, reviewed the interim results for the six months ended 30 June 2022 and considered that the interim results have been prepared in accordance with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements and have made appropriate disclosures accordingly.

## Other Information

### CHANGES IN DIRECTORS' INFORMATION

With effect from 30 March 2022, (i) Ms. Zhu Caiqing has resigned as an independent non-executive Director, a member of the Audit Committee, a member of the Remuneration Committee and a member of the Nomination Committee; (ii) Mr. Chen Sheng has been appointed as an independent non-executive Director, a member of the Audit Committee and a member of the Nomination Committee; and (iii) Ms. Sun Jing, an independent non-executive Director, has been appointed as a member of the Remuneration Committee. For further details, please refer to the announcement of the Company dated 29 March 2022.

Save as disclosed above, the Directors confirm that no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

During the six months ended 30 June 2022, the Company had entrusted the trustee under the Share Award Scheme to purchase, in aggregate, 2,850,000 Shares on market at the aggregate consideration of approximately RMB2.0 million. No share awards under the Share Award Scheme were granted nor vested during the six months ended 30 June 2022 and 11,750,000 Shares were held in trust by the trustee under the Share Award Scheme as of 30 June 2022.

Save as disclosed above, during the six months ended 30 June 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

### USE OF PROCEEDS

The Company was listed on the Stock Exchange on 22 October 2020. The net proceeds from the Global Offering amounted to approximately HK\$571.2 million, and have been, and are proposed to be, applied in accordance with the intended use of the proceeds as set out in (i) the section headed "Future Plans and Use of Proceeds" of the Prospectus and (ii) the Company's announcement dated 10 June 2022 in relation to the change in use of proceeds. The status of the use of proceeds as of the end of the Reporting Period is set out in the section headed "Use of Proceeds" under Management Discussion and Analysis of this interim report.

## Other Information

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

As at 30 June 2022, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### 1. Interests in the Company

Name of Director	Nature of Interest	Number of Shares held <sup>(6)</sup>	Approximate percentage of shareholding <sup>(1)</sup>
Zhang Peng <sup>(5)</sup>	Beneficial owner	8,225,000	0.82%
	Interest in controlled corporation <sup>(2)</sup>	170,777,250	17.08%
Liu Peiqing	Beneficial owner	310,000	0.03%
	Interest in controlled corporation <sup>(3)</sup>	10,988,750	1.10%
Long Han	Interest in controlled corporation <sup>(4)</sup>	10,511,250	1.05%
Zhu Li	Beneficial owner	676,155	0.07%
Jia Yan	Beneficial owner	4,499,977	0.45%
Jin Chungang	Beneficial owner	1,007,282	0.10%

Notes:

- (1) The percentage represents the number of ordinary Shares interested divided by the number of issued Shares as at 30 June 2022.
- (2) The Shares are registered under the name of Hao Fung, which is wholly owned by Mr. Zhang Peng. Accordingly, Mr. Zhang Peng is deemed to be interested in all the Shares held by Hao Fung.
- (3) The Shares are registered under the name of Liu Pei Qing Management, which is wholly owned by Mr. Liu Peiqing. Accordingly, Mr. Liu Peiqing is deemed to be interested in all the Shares held by Liu Pei Qing Management.
- (4) The Shares are registered under the name of Long Han Management, which is wholly owned by Mr. Long Han. Accordingly, Mr. Long Han is deemed to be interested in all the Shares held by Long Han Management.
- (5) Mr. Zhang Peng, together with Mr. Zhang Lei, being parties acting in concert, were interested in 513,929,000 Shares, representing approximately 51.39% of the number of the Company's issued Shares as at 30 June 2022.
- (6) All interests stated are long positions.

## Other Information

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

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

Note:

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

Save as disclosed above, as at 30 June 2022, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



## Other Information

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

As at 30 June 2022, to the best knowledge of the Directors, the following persons (not being a Director or chief executives of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which are recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares <sup>(8)</sup>	Approximate percentage of shareholding <sup>(1)</sup>
Zhang Lei <sup>(2)</sup>	Interest in controlled corporation	334,926,750	33.49%
Yu Jinmei <sup>(3)</sup>	Interest of spouse	334,926,750	33.49%
Glorious Group <sup>(2)</sup>	Beneficial owner	334,926,750	33.49%
Wang Yujuan <sup>(4)</sup>	Interest of spouse	179,002,250	17.90%
Hao Fung <sup>(5)</sup>	Beneficial owner	170,777,250	17.08%
CDH Griffin <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
East Oak <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Access Star <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Ningbo Huiyong <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Ningbo Chunyong <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Ningbo Runyong <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Ningbo Weijun <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Ningbo Xubo <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Ningbo Penghui <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Tianjin Haoyong <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Tianjin Weiyuan <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Tianjin Taiding <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Dinghui Investment <sup>(6)</sup>	Interest in controlled corporation	86,424,000	8.64%
Shanghai CDH Yaojia <sup>(6)</sup>	Beneficial owner	86,424,000	8.64%
Hangzhou Dinghui <sup>(7)</sup>	Interest in controlled corporation	86,424,000	8.64%
UBS Group AG	Interest in controlled corporation	50,950,085	5.10%

## Other Information

### Notes:

- (1) The percentage represents the number of ordinary shares interested divided by the number of issued Shares as at 30 June 2022.
- (2) Glorious Group Holdings Limited (世家集团控股有限公司) (“**Glorious Group**”) is wholly owned by Mr. Zhang Lei. Therefore, Mr. Zhang Lei is deemed under the SFO to be interested in 334,926,750 Shares held by Glorious Group as of 30 June 2022.
- (3) Ms. Yu Jinmei, the spouse of Mr. Zhang Lei, is deemed under the SFO to be interested in these 334,926,750 Shares in which Mr. Zhang Lei is deemed to be interested.
- (4) Ms. Wang Yujuan, the spouse of Mr. Zhang Peng, is deemed under the SFO to be interested in these 179,002,250 Shares in which Mr. Zhang Peng is deemed to be interested.
- (5) Hao Fung is wholly owned by Mr. Zhang Peng. Therefore, Mr. Zhang Peng is deemed under the SFO to be interested in these 170,777,250 Shares held by Hao Fung.
- (6) Dinghui Equity Investment Management (Tianjin) Company Limited (鼎暉股權投資管理(天津)有限公司) (“**Dinghui Investment**”) is the general partner of Shanghai CDH Yaojia. Dinghui Investment is owned as to 85.4% by Tianjin Taiding Investment Co., Ltd. (天津泰鼎投資有限公司) (“**Tianjin Taiding**”). Tianjin Taiding is owned as to 45% and 55% by Tianjin Weiyuan Investment Management Co., Ltd. (天津維遠投資管理有限公司) (“**Tianjin Weiyuan**”) and Tianjin Haoyong Investment Management Co., Ltd. (天津浩永投資管理有限公司) (“**Tianjin Haoyong**”), respectively. Tianjin Weiyuan is wholly owned by Ningbo Economic and Technological Development Zone Penghui Investment Consulting Co., Ltd. (寧波經濟技術開發區鵬暉投資諮詢有限公司) (“**Ningbo Penghui**”). Ningbo Penghui is wholly owned by Ningbo Economic and Technological Development Zone Xubo Investment Consulting Co., Ltd. (寧波經濟技術開發區旭博投資諮詢有限公司) (“**Ningbo Xubo**”). Ningbo Xubo is wholly owned by Ningbo Economic and Technological Development Zone Weijun Investment Consulting Co., Ltd. (寧波經濟技術開發區維均投資諮詢有限公司) (“**Ningbo Weijun**”). Ningbo Weijun is wholly owned by Access Star Company Limited (“**Access Star**”). Tianjin Haoyong is wholly owned by Ningbo Economic and Technological Development Zone Runyong Investment Consulting Co., Ltd. (寧波經濟技術開發區潤永投資諮詢有限公司) (“**Ningbo Runyong**”). Ningbo Runyong is wholly owned by Ningbo Economic and Technological Development Zone Chunyong Investment Consulting Co., Ltd. (寧波經濟技術開發區淳永投資諮詢有限公司) (“**Ningbo Chunyong**”). Ningbo Chunyong is wholly owned by Ningbo Economic and Technological Development Zone Huiyong Investment Consulting Co., Ltd. (寧波經濟技術開發區匯永投資諮詢有限公司) (“**Ningbo Huiyong**”), which is wholly owned by East Oak Company Limited (“**East Oak**”). Each of Access Star and East Oak is owned as to 85% by CDH Griffin Holdings Company Limited (“**CDH Griffin**”). Therefore, Dinghui Investment, Tianjin Taiding, Tianjin Weiyuan, Tianjin Haoyong, Ningbo Runyong, Ningbo Chunyong, Ningbo Huiyong, Ningbo Penghui, Ningbo Xubo, Ningbo Weijun, East Oak, Access Star and CDH Griffin are deemed under the SFO to be interested in these 86,424,000 Shares held by Shanghai CDH Yaojia.
- (7) Hangzhou Dinghui New Trend Equity Investment Partnership (Limited Partnership) (杭州鼎暉新趨勢股權投資合夥企業(有限合夥)) (“**Hangzhou Dinghui**”) is a limited partner of Shanghai CDH Yaojia. Shanghai CDH Yaojia is owned as to 99.9990% by Hangzhou Dinghui. Therefore, Hangzhou Dinghui is deemed under the SFO to be interested in these 86,424,000 Shares held by Shanghai CDH Yaojia.
- (8) All interests stated are long positions.

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

## SHARE OPTION SCHEME

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

## Other Information

Subject to earlier termination by our Company in general meeting or by our Board, the Share Option Scheme shall be valid and effective for a period of ten years commencing on 25 September 2020. During the six months ended 30 June 2022, no options had been granted or agreed to be granted, and thus no options had been exercised, cancelled or lapsed under the Share Option Scheme. As a result, as of 1 January 2022 and 30 June 2022, the total number of Shares available for grant under the Share Option Scheme was 100,000,000, representing 10% of the total number of Shares in issue as of the date of this interim report.

### SHARE AWARD SCHEMES

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

The Share Award Scheme shall be valid and effective for a term of ten years commencing on 10 May 2021. The Board shall not make any further award of such number of shares as awarded by the Board to a Selected Participant (as defined in the announcement of the Company dated 10 May 2021) which will result in the nominal value of the shares awarded by the Board under the Share Award Scheme being equal to or greater than 10% of the issued share capital of the Company from time to time. The maximum number of Shares which may be awarded to a Selected Participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time. As of 30 June 2022, there were 11,750,000 Shares held in trust by the trustee under the Share Award Scheme.

On 29 July 2021, the Company was informed that Cedar Group Management Limited (“**Cedar Group**”), one of the controlling Shareholders, adopted a share award scheme (the “**Cedar Share Award Scheme**”) for eligible persons in order to retain them for the continuous operation and development of the Group, and to attract suitable personnel for further development of the Group. The award shares will be satisfied by the existing Shares beneficially owned by Cedar Group and no new Share will be issued by the Company as a result of the grant of award shares under the Cedar Share Award Scheme. As of 30 June 2022, a total of 63,782,250 Shares, representing all Shares held by Cedar Group before the adoption of the Cedar Share Award Scheme which were available for granting, have been granted and vested. Cedar Group no longer held any Share as of the date of this interim report.

### ROUNDING

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

### DIRECTORS’ RIGHT TO ACQUIRE SHARES OR DEBENTURES

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

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



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

### INTRODUCTION

We have reviewed the interim financial report set out on pages 28 to 51 which comprises the consolidated statement of financial position of First Service Holding Limited (the “**Company**”) and its subsidiaries (the “**Group**”) as of 30 June 2022 and the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

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

### SCOPE OF REVIEW

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

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2022 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

#### KPMG

*Certified Public Accountants*

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

23 August 2022

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022 — unaudited  
(Expressed in Renminbi (“RMB”))

	Note	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
<b>Revenue</b>	3	<b>553,183</b>	508,764
Cost of sales		<b>(414,114)</b>	(337,922)
<b>Gross profit</b>		<b>139,069</b>	170,842
Other income	4	<b>11,033</b>	12,230
Selling expenses		<b>(5,430)</b>	(6,742)
Administrative expenses		<b>(90,833)</b>	(75,204)
Impairment loss on trade and other receivables and contract assets		<b>(19,622)</b>	(7,574)
Finance costs		<b>(1,071)</b>	(19)
Share of loss of an associate		–	(314)
Share of profits of joint ventures		<b>41</b>	15
<b>Profit before taxation</b>	5	<b>33,187</b>	93,234
Income tax	6	<b>(8,042)</b>	(21,481)
<b>Profit for the period</b>		<b>25,145</b>	71,753

The notes on pages 34 to 51 form part of this interim financial report.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022 — unaudited  
(Expressed in Renminbi ("RMB"))

	Note	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>			
Item that will not be reclassified to profit or loss:			
Equity investment at fair value through other comprehensive income ("FVOCI") — net movement in fair value reserves (non-recycling)		60	236
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation into presentation currency of the Group		10,694	(4,692)
<b>Other comprehensive income for the period</b>		<b>10,754</b>	<b>(4,456)</b>
<b>Total comprehensive income for the period</b>		<b>35,899</b>	<b>67,297</b>
<b>Profit attributable to:</b>			
Equity shareholders of the Company		20,708	65,236
Non-controlling interests		4,437	6,517
<b>Profit for the period</b>		<b>25,145</b>	<b>71,753</b>
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of the Company		31,462	60,780
Non-controlling interests		4,437	6,517
<b>Total comprehensive income for the period</b>		<b>35,899</b>	<b>67,297</b>
<b>Earnings per share</b>	7		
Basic and diluted (RMB)		0.0208	0.0653

The notes on pages 34 to 51 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 13.

# Consolidated Statement of Financial Position

At 30 June 2022 — unaudited  
(Expressed in RMB)

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
<b>Non-current assets</b>			
Investment properties		14,889	14,868
Property, plant and equipment		12,630	11,615
Intangible assets	8	41,675	40,506
Goodwill	14	181,696	181,696
Interest in joint ventures		88	47
Other financial assets		5,573	5,493
Deferred tax assets		37,862	34,198
		<b>294,413</b>	288,423
<b>Current assets</b>			
Inventories		844	813
Contract assets		25,034	28,338
Trade and other receivables	9	493,403	425,017
Financial assets measured at fair value through profit or loss ("FVPL")		8,369	97,587
Restricted cash	10	28,056	21,870
Cash and cash equivalents	10	510,499	495,826
		<b>1,066,205</b>	1,069,451
<b>Current liabilities</b>			
Trade and other payables	11	411,636	323,665
Contract liabilities		243,706	274,862
Bank loans	12	136	20,508
Current taxation		7,001	16,963
Contingent consideration — current portion		5,867	5,812
		<b>668,346</b>	641,810
<b>Net current assets</b>		<b>397,859</b>	427,641
<b>Total assets less current liabilities</b>		<b>692,272</b>	716,064

The notes on pages 34 to 51 form part of this interim financial report.

# Consolidated Statement of Financial Position

At 30 June 2022 — unaudited  
(Expressed in RMB)

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
<b>Non-current liabilities</b>			
Deferred tax liabilities		8,419	8,842
Contingent consideration — long-term portion		34,309	33,702
		<b>42,728</b>	42,544
<b>NET ASSETS</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	13(b)	1	1
Reserves		609,339	637,477
<b>Total equity attributable to equity shareholders of the Company</b>		<b>609,340</b>	637,478
<b>Non-controlling interests</b>		<b>40,204</b>	36,042
<b>TOTAL EQUITY</b>		<b>649,544</b>	673,520

Approved and authorised for issue by the board of directors on 23 August 2022.

**Liu Peiqing**  
Director

**Zhu Li**  
Director

The notes on pages 34 to 51 form part of this interim financial report.



# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022 — unaudited  
(Expressed in RMB)

Note	Attributable to equity shareholders of the Company								Total	Non-controlling interests	Total equity
	Share capital	Share premium	Employee share trusts	Capital reserve	Statutory surplus reserves	Exchange reserve	Fair value reserve	Retained profits			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2021</b>	1	589,130	–	(64,037)	17,624	(4,253)	690	113,702	652,857	20,558	673,415
<b>Changes in equity for the six months ended 30 June 2021:</b>											
Profit for the period	–	–	–	–	–	–	–	65,236	65,236	6,517	71,753
Other comprehensive income for the period	–	–	–	–	–	(4,692)	236	–	(4,456)	–	(4,456)
<b>Total comprehensive income</b>	–	–	–	–	–	(4,692)	236	65,236	60,780	6,517	67,297
Dividends approved in respect of the previous year	13(a)	–	–	–	–	–	–	(33,190)	(33,190)	–	(33,190)
Acquisition of subsidiaries under common control	14(a)	–	–	–	(2,320)	–	–	–	(2,320)	–	(2,320)
Acquisition of non-controlling interests	–	–	–	512	–	–	–	–	512	(692)	(180)
Acquisition of subsidiaries from third parties	–	–	–	–	–	–	–	–	–	15,242	15,242
Acquisition of shares for a share award scheme	13(c)	–	–	(4,982)	–	–	–	–	(4,982)	–	(4,982)
<b>Balance at 30 June 2021</b>	1	589,130	(4,982)	(65,845)	17,624	(8,945)	926	145,748	673,657	41,625	715,282
<b>Balance at 1 January 2022</b>	1	589,130	(7,093)	(65,822)	23,566	(11,960)	(380)	110,036	637,478	36,042	673,520
<b>Changes in equity for the six months ended 30 June 2022:</b>											
Profit for the period	–	–	–	–	–	–	–	20,708	20,708	4,437	25,145
Other comprehensive income for the period	–	–	–	–	–	10,694	60	–	10,754	–	10,754
<b>Total comprehensive income</b>	–	–	–	–	–	10,694	60	20,708	31,462	4,437	35,899
Dividends approved in respect of the previous year	13(a)	–	–	–	–	–	–	(57,655)	(57,655)	(318)	(57,973)
Acquisition of non-controlling interests	–	–	–	20	–	–	–	–	20	(320)	(300)
Acquisition of shares for a share award scheme	13(c)	–	–	(1,965)	–	–	–	–	(1,965)	–	(1,965)
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	490	490
Disposal of subsidiaries	–	–	–	–	*	–	–	–	–	(127)	(127)
<b>Balance at 30 June 2022</b>	1	589,130	(9,058)	(65,802)	23,566	(1,266)	(320)	73,089	609,340	40,204	649,544

\* Amounts less than RMB1,000.

The notes on pages 34 to 51 form part of this interim financial report.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022 — unaudited  
(Expressed in RMB)

	Note	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
<b>Operating activities</b>			
Cash (used in)/generated from operations		(39,066)	15,761
Tax paid		(22,104)	(14,991)
<b>Net cash (used in)/generated from operating activities</b>		<b>(61,170)</b>	770
<b>Investing activities</b>			
Proceeds on disposal of financial assets measured at FVPL		256,721	145,310
Interest received		1,685	2,544
Proceeds on disposal of property, plant and equipment		296	406
Net cash outflow from disposals of subsidiaries		(403)	–
Purchase of financial assets measured at FVPL		(166,469)	(138,566)
Purchases of property, plant and equipment		(2,967)	(1,631)
Purchases of intangible assets		(1,334)	–
Net cash outflow on business combinations		–	(184,313)
<b>Net cash generated from/(used in) investing activities</b>		<b>87,529</b>	(176,250)
<b>Financing activities</b>			
Proceeds from bank borrowings		–	22,076
Repayment of bank borrowings		(20,372)	–
Purchase of the Company's shares		(1,965)	(24,957)
Payments for business combination under common control		–	(2,320)
Acquisition of non-controlling interests		–	(180)
Capital injection from non-controlling interests		490	–
Dividend paid		(318)	–
Interest paid		(456)	(19)
<b>Net cash used in financing activities</b>		<b>(22,621)</b>	(5,400)
<b>Net increase/(decrease) in cash and cash equivalent</b>		<b>3,738</b>	(180,880)
<b>Cash and cash equivalents at 1 January</b>		<b>495,826</b>	734,040
<b>Effects of foreign exchange rate changes</b>		<b>10,935</b>	(4,692)
<b>Cash and cash equivalents at 30 June</b>		<b>510,499</b>	548,468

The notes on pages 34 to 51 form part of this interim financial report.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 1 BASIS OF PREPARATION

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

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

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.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company and approved for issue by the board of directors on 23 August 2022. The interim financial report has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). KPMG’s independent review report to the board of directors is included on page 27.

## 2 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

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

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are property management services, services in the area of green living solutions and value-added services. Further details regarding the Group's principal activities are disclosed in Note 3(b).

For the six months ended 30 June 2022, revenue from Modern Land (China) Co., Limited and its subsidiaries ("Modern Land Group") contributed 5.57% (for the six months ended 30 June 2021: 16.00%) of the Group's revenue. Other than Modern Land Group, the Group's customer base is diversified and none of them contributed 10% or more of the Group's revenue during the reporting period.

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

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

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

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

### (b) Segment reporting

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

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

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

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

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

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

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

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

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

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, disaggregation of revenue from contracts with customers by major products and service lines, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2022 and 2021 is set out below.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING (Continued)

### (b) Segment reporting (Continued)

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

For the six months ended 30 June	First Property Management		First Living		Total	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
<b>Disaggregated by timing of revenue recognition</b>						
Revenue recognised over time	517,681	452,182	41,147	54,059	558,828	506,241
Revenue recognised at point in time	500	–	1,593	8,307	2,093	8,307
<b>Reportable segment revenue</b>	<b>518,181</b>	452,182	<b>42,740</b>	62,366	<b>560,921</b>	514,548
<b>Disaggregated by major products or service lines</b>						
— Property management services	361,512	242,447	–	–	361,512	242,447
— Green living solutions	61,050	59,788	42,740	62,366	103,790	122,154
— Value-added services	95,619	149,947	–	–	95,619	149,947
<b>Reportable segment revenue</b>	<b>518,181</b>	452,182	<b>42,740</b>	62,366	<b>560,921</b>	514,548
<b>Reportable segment profit/(loss)</b>	<b>33,933</b>	82,317	<b>1,803</b>	10,134	<b>35,570</b>	92,451
Interest income	1,312	1,245	14	17	1,326	1,262
Interest expense	661	–	410	19	1,071	19
Depreciation and amortisation for the period	3,895	2,655	445	221	4,340	2,876
Expected credit losses — trade and other receivables and contract assets	19,907	7,206	285	368	19,788	7,574
As at 30 June/31 December						
<b>Reportable segment assets</b>	<b>1,013,031</b>	1,019,311	<b>126,637</b>	122,423	<b>1,139,768</b>	1,141,734
<b>Reportable segment liabilities</b>	<b>590,612</b>	622,717	<b>95,423</b>	92,884	<b>686,035</b>	715,601

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

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

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

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

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
<b>Revenue</b>		
Reportable segment revenue	560,921	514,548
Elimination of inter-segment revenue	(7,738)	(5,784)
<b>Consolidated revenue</b>	<b>553,183</b>	508,764

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
<b>Reportable segment profit/(loss)</b>		
Reportable segment profit	35,736	92,451
Unallocated head office and corporate profit before taxation	(2,549)	783
<b>Consolidated profit before taxation</b>	<b>33,187</b>	93,234

	At 30 June		At 31 December
	2022 RMB'000	2021 RMB'000	
<b>Assets</b>			
Reportable segment assets	1,139,668	1,141,734	
Unallocated head office and corporate assets	559,693	523,480	
Elimination of inter-segment balances	(338,641)	(307,340)	
<b>Consolidated total assets</b>	<b>1,360,720</b>	1,357,874	

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING (Continued)

### (b) Segment reporting (Continued)

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

	<b>At 30 June 2022 RMB'000</b>	At 31 December 2021 RMB'000
<b>Liabilities</b>		
Reportable segment liabilities	<b>686,035</b>	715,601
Unallocated head office and corporate liabilities	<b>76,601</b>	3
Elimination of inter-segment balances	<b>(51,560)</b>	(31,250)
Consolidated total liabilities	<b>711,076</b>	684,354

## 4 OTHER INCOME

		<b>Six months ended 30 June</b>	
	Note	<b>2022 RMB'000</b>	2021 RMB'000
Interest income	(i)	<b>1,685</b>	2,544
Government grants	(ii)	<b>8,628</b>	8,323
Net realised gain on financial assets measured at FVPL		<b>930</b>	685
Fair value gain of investment properties		<b>21</b>	68
Net valuation gain on financial assets measured at FVPL		<b>104</b>	349
Net losses on disposal of property, plant and equipment		<b>(38)</b>	–
(Gain)/loss on disposal of subsidiaries		<b>41</b>	–
Others		<b>(338)</b>	261
		<b>11,033</b>	12,230

Notes:

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



# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Amortisation cost of intangible assets	2,722	1,454
Depreciation charge		
— owned property, plant and equipment	1,618	1,422
Expected credit loss		
— trade and other receivables and contract assets	19,622	7,574
Cost of inventories	859	2,994
Lease expenses		
— short-term leases	1,444	1,451

## 6 INCOME TAX

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
<b>Current tax — PRC Corporate Income Tax</b>		
Provision for the period	12,149	23,044
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(4,107)	(1,563)
	<b>8,042</b>	21,481

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

The income tax rate applicable to the Group’s subsidiary incorporated in Hong Kong for the income subject to Hong Kong Profits Tax during the reporting period is 16.5%. No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the reporting period (six months ended 30 June 2021: nil).

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 6 INCOME TAX *(Continued)*

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

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

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

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

## 7 EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2022 is based on the profit attributable to equity shareholders of the Company of RMB20,708,000 (six months ended 30 June 2021: RMB65,236,000) and the weighted average number of 994,747,000 ordinary shares (six months ended 30 June 2021: 999,675,000 ordinary shares) in issue during the interim period, calculated as follows:

	Six months ended 30 June	
	2022 <i>No. of '000 shares</i>	2021 <i>No. of '000 shares</i>
Issued ordinary shares at 1 January	1,000,000	1,000,000
Effect of shares held by the employee share trusts	(5,253)	(325)
Weighted average number of ordinary shares at 30 June	994,747	999,675

Diluted earnings per share is equal to the basic earnings per share as the Group had no dilutive potential shares for the six months ended 30 June 2022 and 2021.

## 8 INTANGIBLE ASSETS

During the six months ended 30 June 2022, additional intangible assets of the Group mainly represented newly purchased software and operating rights amounted to RMB3,891,000.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 9 TRADE AND OTHER RECEIVABLES

	<b>At 30 June 2022 RMB'000</b>	At 31 December 2021 RMB'000
Trade receivables	<b>389,617</b>	309,796
Less: ECL allowance	<b>(84,712)</b>	(71,702)
	<b>304,905</b>	238,094
Amounts due from related parties	<b>169,996</b>	166,166
Less: ECL allowance	<b>(70,825)</b>	(66,633)
	<b>99,171</b>	99,533
Total trade receivables	<b>404,076</b>	337,627
Deposits and prepayments	<b>35,525</b>	34,898
Payments on behalf of property owners	<b>29,883</b>	19,989
Value added tax prepaid	<b>7,973</b>	10,249
Other receivables	<b>16,696</b>	22,878
Less: ECL allowance for other receivables	<b>(750)</b>	(624)
Other receivables	<b>15,946</b>	22,254
	<b>493,403</b>	425,017

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

Amounts due from related parties are unsecured and interest free. Details of the amounts due from related parties are set out in Note 16(b).

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 9 TRADE AND OTHER RECEIVABLES (Continued)

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

	<b>At 30 June 2022 RMB'000</b>	At 31 December 2021 RMB'000
Within 1 year	<b>272,870</b>	242,113
1 to 2 years	<b>102,070</b>	67,797
2 to 3 years	<b>22,686</b>	21,646
3 to 4 years	<b>4,825</b>	4,245
4 to 5 years	<b>1,599</b>	1,800
Over 5 years	<b>26</b>	26
	<b>404,076</b>	337,627

## 10 CASH AND CASH EQUIVALENTS

	Note	<b>At 30 June 2022 RMB'000</b>	At 31 December 2021 RMB'000
Cash on hand		<b>73</b>	39
Cash at bank		<b>538,482</b>	517,657
Less: restricted cash	(i)	<b>(28,056)</b>	(21,870)
		<b>510,499</b>	495,826

Note:

- (i) At 30 June 2022, the ending balance of restricted cash primarily represents RMB15,584,000 (31 December 2021: RMB17,549,000) held by employee share trusts for the purchase or subscription of shares as awarded to the eligible persons pursuant to the First Service Share Award Scheme ("the Scheme") (see Note 13(c)) and RMB3,006,000 (31 December 2021: RMB4,321,000) collected on behalf of the property owners' associations in Group's property management service business. Pursuant to property management agreements, the Group opens and manages these bank accounts on behalf of the property owners' associations.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 11 TRADE AND OTHER PAYABLES

	<b>At 30 June 2022 RMB'000</b>	At 31 December 2021 RMB'000
Trade payables	<b>116,006</b>	111,867
Amounts due to related parties	<b>13,357</b>	6,932
Other taxes and charges payable	<b>21,216</b>	19,781
Dividends payable	<b>57,896</b>	–
Accrued payroll and other benefits	<b>32,310</b>	42,206
Deposits	<b>69,413</b>	61,701
Receipts on behalf of residents/tenants	<b>50,138</b>	53,455
Interest payable	<b>78</b>	125
Other payables and accruals	<b>51,222</b>	27,598
	<b>411,636</b>	323,665

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

Amounts due to related parties are unsecured and interest free. Details of the amounts due to related parties are set out in Note 16(b).

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

	<b>At 30 June 2022 RMB'000</b>	At 31 December 2021 RMB'000
Within 1 year	<b>101,765</b>	90,211
1 to 2 years	<b>11,588</b>	19,548
2 to 3 years	<b>2,337</b>	1,698
Over 3 years	<b>316</b>	410
	<b>116,006</b>	111,867

## 12 BANK LOANS

At 30 June 2022, all bank loans are due within one year.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 13 CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

During the six months ended 30 June 2022, a final dividend of HKD6.77 cents per share in respect of the year ended 31 December 2021 (six months ended 30 June 2021: HKD3.97 cents per share) was declared to the equity shareholders of the Company. The aggregate amount of the final dividend declared during the six months ended 30 June 2022 amounted to HKD67,700,000 (equivalent to RMB57,655,000) (six months ended 30 June 2021: HKD39,700,000, equivalent to RMB33,190,000), which has been fully paid on 12 July 2022.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (30 June 2021: Nil).

### (b) Share capital

	At 30 June 2022		At 31 December 2021	
	No. of shares	RMB	No. of shares	RMB
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022	<b>1,000,000,000</b>	<b>1,381</b>	1,000,000,000	1,381

### (c) Employee share trusts

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

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

During the six months ended 30 June 2022, the Company had entrusted the trustee to purchase shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share HKD	Lowest price paid per share HKD	Aggregate price paid RMB'000
March 2022	1,500,000	0.83	0.83	1,012
April 2022	1,350,000	0.88	0.83	953
				1,965

The trustee of the employee share trusts will transfer the shares of the Company to employees upon vesting. During the six months ended 30 June 2022 and 2021, no share has been granted and vested.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 14 GOODWILL

	<i>RMB'000</i>
<b>Cost:</b>	
At 1 January 2021	–
Additions	181,696
<hr/>	
At 31 December 2021	181,696
Additions	–
<hr/>	
At 30 June 2022	181,696
<hr style="border-top: 1px dashed black;"/>	
<b>Accumulated impairment losses:</b>	
At 1 January 2021 and 31 December 2021, 1 January 2022 and 30 June 2022	–
<hr style="border-top: 1px dashed black;"/>	
<b>Carrying amount:</b>	
At 30 June 2022	181,696
<hr style="border-top: 1px dashed black;"/>	
At 31 December 2021	181,696
<hr/>	

### Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to country of operation and operating segment as follows:

	<b>At 30 June 2022 and 31 December 2021</b>
	<i>RMB'000</i>
Dalian Yahang Property Management Co., Ltd. (大連亞航物業管理有限公司)	81,458
Qingdao Luohang Enterprises Management Co., Ltd. (青島洛航企業管理有限公司) and its subsidiaries	100,238
<hr/>	
	181,696
<hr/>	

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% which is consistent with the forecasts included in industry reports. The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using a discount rate of 20%. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 15 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

#### *Fair value hierarchy*

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

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

	Fair value at 30 June 2022 RMB'000	Fair value measurements as at 30 June 2022 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<b>Recurring fair value measurements</b>				
<i>Assets:</i>				
— Equity securities designated at FVOCI (non-recycling)	5,573	—	—	5,573
— Financial assets measured at FVPL-due within one year	8,369	—	8,369	—
<i>Liabilities:</i>				
— Contingent consideration	40,176	—	—	40,176



# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

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

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

#### *Fair value hierarchy (Continued)*

	Fair value at 31 December 2021 RMB'000	Fair value measurements as at 31 December 2021 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<b>Recurring fair value measurements</b>				
<i>Assets:</i>				
— Equity securities designated at FVOCI (non-recycling)	5,493	—	—	5,493
— Financial assets measured at FVPL	97,587	—	97,587	—
<i>Liabilities:</i>				
— Contingent consideration	39,514	—	—	39,514

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

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

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

	Valuation techniques	Significant unobservable inputs	Weighted average
Equity instruments	Market comparable companies	Discount for lack of marketability	13% (31 December 2021: 13%)
Contingent consideration	Discounted cash flow valuation method	Expected payments, Discount rate	RMB42,631,000 (31 December 2021: RMB42,631,000) 3.85% (31 December 2021: 3.85%)

The fair value of the equity instruments is determined by using enterprise value per sales of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 30 June 2022, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 1% would have increased/decreased the Group's other comprehensive income by RMB64,000 (2021: RMB49,000).

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 15 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

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

#### Information about Level 3 fair value measurements (Continued)

The fair value of the contingent consideration relating to the business combinations are determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. As at 30 June 2022, it is estimated that with all other variables held constant, a decrease/increase in discount rate by 0.1% would have decreased/increased the Group's profit by RMB12,000 (2021: RMB19,000).

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

	<b>At 30 June 2022 RMB'000</b>	At 31 December 2021 RMB'000
Equity securities:		
At 1 January	<b>5,493</b>	6,920
Net unrealised gains/(losses) recognised in other comprehensive income during the period	<b>80</b>	(1,427)
At 30 June/31 December	<b>5,573</b>	5,493
Contingent consideration:		
At 1 January	<b>39,514</b>	–
Acquisition of subsidiaries	–	38,388
Changes in fair value recognised in profit or loss during the period	<b>662</b>	1,126
At 30 June/31 December	<b>40,176</b>	39,514
Total gains or losses for the period included in profit or loss and other comprehensive income for assets and liabilities held at the end of the reporting period	<b>(582)</b>	(2,553)

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

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

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 30 June 2022 and 31 December 2021.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 16 MATERIAL RELATED PARTY TRANSACTIONS

### (a) Significant related party transactions

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

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
<b>Provision of property management services and other services</b>		
— Controlled by Modern Land Group	29,453	81,390
— Other companies controlled by Mr. Zhang Lei	—	2,844
— Companies controlled by Mr. Zhang Peng	2,882	1,422
— Companies jointly controlled by Mr. Zhang Lei	8,078	33,924
<b>Receiving services</b>		
— Companies controlled by Mr. Zhang Lei	1,028	2,242
— Companies controlled by Mr. Zhang Peng	2,631	47
<b>Acquisition of subsidiaries</b>		
— Companies controlled by Mr. Zhang Lei	—	2,320

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 16 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

### (b) Balances with related parties

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
<b>Amounts due from:</b>			
— Companies controlled by Mr. Zhang Lei		123,628	118,414
— Companies controlled by Mr. Zhang Peng		6,241	5,198
— Joint ventures jointly controlled by Mr. Zhang Lei		40,127	42,554
	(i), (ii)	<b>169,996</b>	166,166
<b>Amounts due to:</b>			
— Companies controlled by Mr. Zhang Lei		4,101	3,827
— Companies controlled by Mr. Zhang Peng		9,256	3,105
	(i)	<b>13,357</b>	6,932
<b>Contract assets:</b>			
— Companies controlled by Mr. Zhang Lei		21,568	16,871
— Companies jointly controlled by Mr. Zhang Lei		20,404	26,459
	(iii)	<b>41,972</b>	43,330
<b>Contract liabilities:</b>			
— Companies controlled by Mr. Zhang Lei		8,094	5,683
— Companies controlled by Mr. Zhang Peng		72	412
		<b>8,166</b>	6,095

Notes:

- (i) Amounts due from/to related parties are all trade nature, unsecured and interest-free, except for capital injection of RMBNil to a joint venture of the Group (31 December 2021: RMB500,000) and payment of bank loans on behalf of First Living by First Assets of RMB5,750,000 (31 December 2021: RMBNil).
- (ii) The outstanding balances with these related parties are trading balances included in "trade and other receivables" (Note 9) against which an expected credit loss allowance amounted to RMB70,825,000 was provided at 30 June 2022 (31 December 2021: 66,633,000).
- (iii) The outstanding balances with these related parties are included in "contract assets" against which an expected credit loss allowance amounted to RMB19,110,000 was provided at 30 June 2022 (31 December 2021: RMB17,375,000).

### (c) Guarantees

In 2021, the Group provided guarantees to bank loans of subsidiaries amounting to RMB20 million. First Assets issued a counter-guarantee to the Group in respect of 27.9% of the guarantees issued by the Group. As at 30 June 2021, the balance counter-guaranteed to the Group amounted to RMB5,580,000. As at 30 June 2022, the subsidiaries had settled the bank loans.

## Definitions

“Audit Committee”	the audit committee of the Company;
“Board”	the board of Directors;
“BVI”	the British Virgin Island;
“CG Code”	the Corporate Governance Code contained in Part 2 of Appendix 14 to the Listing Rules;
“China” or “PRC”	the People’s Republic of China and, except where the context requires and only for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan. “Chinese” shall be construed accordingly;
“Company”, “our Company”, “the Company” or “First Service Holding”	First Service Holding Limited (第一服务控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 20 January 2020, and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company of its present subsidiaries, its present subsidiaries;
“Dalian Yahang”	Dalian Yahang Property Management Co., Ltd.* (大連亞航物業管理有限公司), a company established in the PRC with limited liability on 12 January 2006;
“Director(s)” or “our Directors”	the director(s) of the Company;
“First Living”	First MOMA Human Environment Technology (Beijing) Co., Ltd. (第一摩碼人居環境科技(北京)有限公司) (formerly known as First MOMA Human Environment Technology (Beijing) Joint Stock Limited Company (第一摩碼人居環境科技(北京)股份有限公司)), a limited liability company established in the PRC on 3 December 2014 and an indirect non-wholly owned subsidiary of our Company;
“GFA”	gross floor area;
“Global Offering”	the Hong Kong public offering and the international offering of the Shares;
“Group”, “our Group”, “we”, “our” or “us”	our Company, its subsidiaries from time to time, or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time or the business operated by such subsidiaries or their predecessors (as the case may be);
“Hao Fung”	Hao Fung Investment Limited (皓峰投資有限公司), a BVI business company incorporated in the BVI with limited liability on 18 December 2019;
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC;

## Definitions

“Listing”	the listing of the Shares on the Main Board of the Stock Exchange;
“Listing Date”	the date, being 22 October 2020, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time;
“Liu Pei Qing Management”	Liu Pei Qing Management Limited (刘培庆管理有限公司), a BVI business company incorporated in the BVI with limited liability on 17 December 2019;
“Long Han Management”	Long Han Management Limited (龙晗管理有限公司), a BVI business company incorporated in the BVI with limited liability on 17 December 2019;
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules;
“Nomination Committee”	the nomination committee of the Company;
“Prospectus”	the prospectus of the Company dated 12 October 2020;
“Reporting Period”	the six months ended 30 June 2022;
“Renminbi” or “RMB”	the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time;
“Shanghai CDH Yaojia”	Shanghai CDH Yaojia Venture Capital Center (Limited Partnership) (上海鼎暉耀家創業投資中心(有限合夥)), a limited partnership established in the PRC on 26 June 2015, whose general partner is Dinghui Equity Investment Management (Tianjin) Company Limited (鼎暉股權投資管理(天津)有限公司);
“Shareholder(s)”	holder(s) of the Share(s);
“Share(s)”	ordinary shares in the share capital of our Company with nominal value of US\$0.0000002 each;
“Share Award Scheme”	the share award scheme adopted by the Board on 10 May 2021;

## Definitions

“Share Option Scheme”	the share option scheme conditionally adopted pursuant to the written resolutions passed by our Shareholders on 25 September 2020;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Qingdao Luohang”	Qingdao Luohang Enterprises Management Co., Ltd.* (青島洛航企業管理有限公司), a company established in the PRC with limited liability on 8 March 2021;
“Remuneration Committee”	the remuneration committee of the Company;
“%”	per cent; and
“*”	for identification purpose only.

*In this interim report, the terms “associate”, “close associate”, “connected person”, “connected transaction”, “continuing connected transaction”, “core connected person”, “controlling shareholder”, “subsidiary”, “substantial shareholder” and “30%-controlled companies” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*