

**sunac** 融創服務

# 2022 中期報告

INTERIM REPORT

融創服務控股有限公司

SUNAC SERVICES HOLDINGS LIMITED

(於開曼群島註冊成立的有限責任公司)  
(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

STOCK CODE 股份代號: 01516.HK

sunac services

# SUNAC SERVICES HOLDINGS LIMITED

## 融創服務控股有限公司

融創服務控股有限公司（「本公司」，連同其附屬公司統稱為「本集團」）是一家於香港聯合交易所有限公司（「聯交所」）主板上市的公司。

本集團自成立以來，聚焦核心城市中高端物業，踐行高質量發展戰略，佈局物業管理及商業運營綜合服務兩大業務板塊，逐步確立了行業領先地位。本集團始終以「至善•致美」為服務理念，為客戶提供全面的高品質物業服務，致力於成為「中國品質服務首選品牌」。

Sunac Services Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) is a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Since its establishment, the Group has focused on mid-to-high-end properties in core cities, adhered to the strategy of high quality development, and developed two main business segments of property management and comprehensive commercial operational services, owing to which, the Group has established its leading position in the industry gradually. In pursuit of its service philosophy of “commitment to excellence and beauty” (至善•致美), the Group offers a full range of high-quality property services to its customers and is dedicated to becoming the “Best Quality Service Provider in China”.

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. Wang Mengde

### EXECUTIVE DIRECTORS

Ms. Cao Hongling (*Chief Executive Officer*)

Ms. Yang Man

Mr. Xie Jianjun (*retired from the office with effect from 9 June 2022*)

### NON-EXECUTIVE DIRECTORS

Mr. Lu Peng

Mr. Gao Xi

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Wang Lihong

Mr. Yao Ning

Mr. Zhao Zhonghua

## AUDIT COMMITTEE

Mr. Yao Ning (*Chairperson*)

Ms. Wang Lihong

Mr. Zhao Zhonghua

## REMUNERATION COMMITTEE

Ms. Wang Lihong (*Chairperson*)

Ms. Cao Hongling

Mr. Yao Ning

Mr. Zhao Zhonghua

## NOMINATION COMMITTEE

Mr. Wang Mengde (*Chairperson*)

Ms. Wang Lihong

Mr. Yao Ning

Mr. Zhao Zhonghua

## JOINT COMPANY SECRETARIES

Mr. Zhang Xiaoming

Ms. Leung Shui Bing (*appointed on 9 June 2022*)

Ms. Wong Sau Ping (*resigned on 9 June 2022*)

## AUTHORISED REPRESENTATIVES

Ms. Yang Man

Mr. Zhang Xiaoming

Ms. Leung Shui Bing

(*alternate to authorised representative*)

(*appointed on 9 June 2022*)

Ms. Wong Sau Ping

(*alternate to authorised representative*)

(*resigned on 9 June 2022*)

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square

1 Matheson Street

Causeway Bay

Hong Kong

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Floor 5, Tower A4

Aocheng Commercial Plaza

Nankai District

Tianjin

PRC

## REGISTERED OFFICE

Intertrust Corporate Services (Cayman) Limited

One Nexus Way

Camana Bay

Grand Cayman, KY1-9005

Cayman Islands

# CORPORATE INFORMATION

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## COMPLIANCE ADVISER

Ballas Capital Limited  
(term of office ends on 29 April 2022)

## LEGAL ADVISER

Sidley Austin

## AUDITOR

PricewaterhouseCoopers  
Certified Public Accountants  
Registered Public Interest Entity Auditor

## PRINCIPAL BANKERS

Industrial and Commercial Bank of China  
Bank of China

## STOCK CODE

HKSE: 01516

## COMPANY'S WEBSITE

[www.sunacservice.com](http://www.sunacservice.com)

# CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present to you the business review of the Group for the first half of 2022 and the business outlook for the second half of 2022.

## REVIEW OF THE FIRST HALF OF 2022

The first half of 2022 was characterized by the repeated epidemic outbreak in many places and the continuous downturn of real estate market. In the face of changing external environment, the Group resolutely treated the value-added services to non-property owners from a marketization perspective, relying on its core capabilities to accelerate marketization business development on the premise that risks are under control assuredly. In the first half of 2022, the Group's market expansion continued to focus on core cities and achieved high quality growth. Living services were steadily advanced as its mature business models were rapidly replicated, with results gradually released. The Group actively adjusted strategies of its commercial operational services in response to the epidemic, the operations of its commercial operational services resumed in an orderly manner, and the synergistic effect of such services with property management gradually emerged.

For the six months ended 30 June 2022, the Group recorded a revenue of approximately RMB3,989 million, representing a year-on-year increase of approximately 18.5%. In particular, the revenue of the other services other than the value-added services to non-property owners (namely property management services, community living services and commercial operational services) recorded a year-on-year increase of approximately 36.2%, accounting for approximately 77.9% of the revenue of the Group for the six months ended 30 June 2022. The business structure of the Group continued to improve and became more superior and healthier. The loss attributable to the owners of the Company for the six months ended 30 June 2022 was approximately RMB751 million. Upon excluding the effect of impairment provision for amounts due from related parties, the profit attributable to the owners of the Company for the six months ended 30 June 2022 was approximately RMB561 million.

The Group continued to consolidate its market expansion capabilities and achieved high quality development while growing in scale. As at 30 June 2022, the contracted gross floor area ("GFA") of the Group was approximately 376 million sq.m. and the GFA under management of the Group was approximately 234 million sq.m., of which the GFA from third parties accounted for approximately 40%, representing an increase of approximately 3 percentage points from the end of 2021. The contracted GFA of the Group acquired through market expansion reached approximately 21.01 million sq.m. in the first half of 2022, representing a year-on-year increase of approximately 62%. The Company adhered to the development strategy of focusing on core cities and continued to improve the management density of cities, with strategic and core cities accounting for over 70% of the contracted GFA newly acquired through market expansion. Meanwhile, with the continuous improvement of professional service capabilities for non-residential properties, the non-residential business of the Group accounted for nearly 50% of the single-year value of contracts newly acquired by the Group through market expansion in the first half of 2022, and secured a number of projects each with a contract value of over RMB10 million.

## CHAIRMAN'S STATEMENT

In terms of basic property management services, the Group persisted in focusing on quality services and continued to strengthen its basic service capabilities. In the first half of 2022, the Group received various awards in the industry, such as TOP2 China High-end Property Service Leading Company (中國高端物業服務領先企業TOP2), TOP3 among the Top 100 China's Leading Property Management Companies on Customer Satisfaction (中國物業服務百強滿意度領先企業TOP3), and 2022 Property Enterprise Service Excellence TOP3 (2022物業企業服務力卓越表現TOP3), maintaining its industry-leading property service satisfaction. Meanwhile, the Group further created high-end service products, and its residential services focused on the living needs of high-end property owners for "extreme basic service + personalized private service + pleasant spirit construction" by launching a residential high-end service product called "Gui Xin Li Yu (歸心禮御)". The corporate business high-end services launched a customized service product called "Gui Xin Li Fu (歸心禮服)", which is of high quality, full scenarios and full formats for exclusive customers.

In terms of community living services, the advantages of high loyalty and satisfaction of property owners have been gradually released into results. For the six months ended 30 June 2022, the Group's revenue from community living services grew by approximately 55.8%. In particular, the service categories around property owners have been rapidly replicated. The Group's revenue from home services such as housekeeping and home repair was approximately 4.8 times of that for the same period last year, and the Group's revenue from community commerce business was approximately 5.5 times of that for the same period last year. The proportion of the Group's revenue from such convenience services has increased to approximately 48%. At the same time, the property interior decoration business actively responded to changes in the real estate industry through vigorously promoting the home decoration business for existing projects.

In terms of commercial operational services, a total of 35 projects were signed by the Group, covering 21 cities, with a contracted area of approximately 4.12 million sq.m., of which 22 were opened as at 30 June 2022. In the first half of 2022, some projects were affected by the repeated epidemic outbreak. The Group actively carried out multi-channel business, increased investment promotion, adjusted marketing methods, and adopted measures such as energy conservation and consumption reduction, and marketing expense control, which contributed to the steady resumption of project operations. The synergy between commercial operation and property management was continuously strengthened. By organizing the marketing activities of property owners to connect interests, it provided property owners with more convenient and quality services while attracting traffic and increasing income for merchants. In addition, based on the development concept of one policy for one city, the Group created unique entertainment commerce, and adopted a modular product customised strategy. Another 2 projects from third parties were signed in the first half of 2022.

In terms of value-added services to non-property owners, the Group adhered to the principle of marketization. The Group strategically scaled down the services as there was no significant improvement in the environment of the real estate industry in the first half of 2022. The Group stopped services with risks and optimized cost allocation and reduced staffing and improved efficiency for existing services, aiming to ensure payment collection.

### OUTLOOK FOR THE SECOND HALF OF 2022

The Group is firmly optimistic about the long-term development of the property management industry. With regular epidemic prevention and control, more people are aware of the irreplaceability of property management. The continuous penetration of property management into the field of living services will further increase the importance of property management industry in the entire social service function. The industry has also shifted from a stage of rapid scale development to that of high-quality development.

## CHAIRMAN'S STATEMENT

In response to changes in the industry environment, the Group put forward at the beginning of 2022 to achieve a strategic goal of “both breakthroughs and excellent results” in three years. In the first half of 2022, the strategic goal was steadily advanced with certain results achieved. In the second half of 2022, sticking to service quality, the Group will continue to steadily advance towards the goal with its advantages accumulated over the years in comprehensive service capabilities.

The Group will stick to maintaining the market competitiveness of project operations with quality services and continuous refined management while ensuring customers' constant high satisfaction with the services. The business related to real estate increments will still be in a period of pain as expected in the second half of 2022. The Group will ensure the long-term stable development of its business in strict accordance with the principle of marketization.

In addition to ensuring service quality, the Group will continue to deepen its development in core cities, build up its professional service capabilities, and enhance the expansion of non-residential business. In terms of community living services, the Group will strengthen its own high-quality supply capability and promote the replication of its operation model. In terms of commercial operation, the Group will create a commercial entertainment label, and make it a core competitiveness of differentiated development.

In 2022, the development of the property management industry will face unprecedented challenges brought by the changes in external environment. The Group will take the challenges it faces as an opportunity to speed up the improvement and utilization of its capacity, always adhering to the basic principle of independent governance. It is firmly believed that the Group will successfully respond to the changes in market environment and achieve long-term, sound and high quality development under the development approach that takes quality as its foundation and capacity as its core.

**Sunac Services Holdings Limited**  
**Wang Mengde**  
*Chairman of the Board*

Hong Kong, 29 August 2022



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### 1. REVENUE

For the six months ended 30 June 2022, the Group recorded revenue amounting to approximately RMB3,988.6 million, representing an increase of approximately RMB622.3 million (approximately 18.5%) as compared with approximately RMB3,366.3 million for the six months ended 30 June 2021 (restated). The increase in revenue was primarily due to the increase in the GFA under management and the development of business other than value-added services to non-property owners.

The following table sets forth the details of the Group's total revenue by business line for the periods indicated:

	For the six months ended 30 June				
	2022		2021 (restated)		Growth rate
	RMB'000	%	RMB'000	%	%
Property management services	2,704,047	67.7	2,045,801	60.8	32.2
Value-added services to non-property owners	880,605	22.1	1,084,733	32.2	-18.8
Community living services	294,009	7.4	188,714	5.6	55.8
Commercial operational services	109,890	2.8	47,091	1.4	133.4
<b>Total</b>	<b>3,988,551</b>	<b>100.0</b>	<b>3,366,339</b>	<b>100.0</b>	<b>18.5</b>

Revenue from value-added services to non-property owners for the six months ended 30 June 2022 recorded a decline as there was no significant improvement in the environment of the real estate industry in the first half of 2022 and the Company adjusted the services based on the principle of marketization. Total revenue from property management services, community living services and commercial operational services for the six months ended 30 June 2022 increased by approximately 36.2% as compared to the same period last year, which was due to the increase in the GFA under management, improved community living service capabilities and the increase in commercial management projects, and the proportion of the total revenue from these services to the Group's total revenue for the six months ended 30 June 2022 increased by 10.1 percentage points to 77.9% as compared to the same period last year. The revenue structure of the Group was further optimized.

#### Property management services

For the six months ended 30 June 2022, the Group's revenue from property management services was approximately RMB2,704.0 million, representing an increase of approximately RMB658.2 million (approximately 32.2%) as compared with that for the six months ended 30 June 2021, which was mainly attributable to the increase in GFA under management that is in line with the Group's business expansion.

As at 30 June 2022, the contracted GFA of the Group was approximately 376 million sq.m. covering 164 cities across 31 provinces, autonomous regions and municipalities in the People's Republic of China (the "PRC"). As at 30 June 2022, the Group's GFA under management was approximately 234 million sq.m. The following tables set forth the breakdown of the Group's GFA under management as at the dates indicated and revenue from property management services for the periods indicated by source of projects and type of projects, respectively:

# MANAGEMENT DISCUSSION AND ANALYSIS

By source of projects:

	As at 30 June or for the six months ended 30 June							
	2022				2021			
	GFA under management		Revenue		GFA under management		Revenue	
	'000 sq.m.	%	RMB'000	%	'000 sq.m.	%	RMB'000	%
Properties developed by Sunac Group <sup>(1)</sup>	85,688	36.5	1,186,683	43.9	72,017	41.5	978,670	47.8
Properties developed by joint ventures and associates of Sunac Group <sup>(2)</sup>	55,697	23.8	644,737	23.8	33,202	19.1	435,931	21.3
Properties developed by independent third party property developers <sup>(3)</sup>	92,994	39.7	872,627	32.3	68,208	39.4	631,200	30.9
<b>Total</b>	<b>234,379</b>	<b>100.0</b>	<b>2,704,047</b>	<b>100.0</b>	<b>173,427</b>	<b>100.0</b>	<b>2,045,801</b>	<b>100.0</b>

- (1) Including projects developed independently by Sunac China and its subsidiaries, excluding the Group ("Sunac Group"), and properties jointly developed by Sunac Group and other property developers in which Sunac Group has a controlling interest;
- (2) Including properties jointly developed by Sunac Group and other property developers in which Sunac Group does not have a controlling interest;
- (3) Including properties other than those developed independently by Sunac Group or jointly with other property developers.

By type of projects:

	As at 30 June or for the six months ended 30 June							
	2022				2021			
	GFA under management		Revenue		GFA under management		Revenue	
	'000 sq.m.	%	RMB'000	%	'000 sq.m.	%	RMB'000	%
Residential properties	192,260	82.0	2,070,929	76.6	139,177	80.3	1,459,228	71.3
Non-residential properties	42,119	18.0	633,118	23.4	34,250	19.7	586,573	28.7
<b>Total</b>	<b>234,379</b>	<b>100.0</b>	<b>2,704,047</b>	<b>100.0</b>	<b>173,427</b>	<b>100.0</b>	<b>2,045,801</b>	<b>100.0</b>

## Value-added services to non-property owners

For the six months ended 30 June 2022, the Group's revenue from value-added services to non-property owners amounted to approximately RMB880.6 million, representing a decrease of approximately RMB204.1 million (approximately 18.8%) as compared with approximately RMB1,084.7 million for the six months ended 30 June 2021. This was mainly attributable to the Company's adjustment of the value-added services to non-property owners based on the principle of marketization as there was no significant improvement in the environment of the real estate industry in the first half of 2022, leading to a decrease in the Group's revenue from value-added services to non-property owners.

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the components of the Group's revenue from value-added services to non-property owners for the periods indicated:

	For the six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
Sales assistance services	360,997	41.0	497,084	45.8
Consultancy and other value-added services	305,275	34.7	356,076	32.8
Others	214,333	24.3	231,573	21.4
<b>Total</b>	<b>880,605</b>	<b>100.0</b>	<b>1,084,733</b>	<b>100.0</b>

### Community living services

For the six months ended 30 June 2022, the Group's revenue from community living services was approximately RMB294.0 million, representing an increase of approximately RMB105.3 million (approximately 55.8%) as compared with approximately RMB188.7 million for the six months ended 30 June 2021. With the increase in GFA under management of property management services and the continuous growth of number of customers, the Group accelerated the duplication of products and services for property owners, leading to a significant increase in revenue.

The following table sets forth the components of the Group's revenue from community living services for the periods indicated:

	For the six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
Convenience services	141,357	48.1	66,846	35.5
Space operation services	72,924	24.8	58,916	31.2
Property interior decoration services	42,729	14.5	28,711	15.2
Real estate brokerage services	36,999	12.6	34,241	18.1
<b>Total</b>	<b>294,009</b>	<b>100.0</b>	<b>188,714</b>	<b>100.0</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

Convenience services mainly include housekeeping and cleaning, home repair and maintenance, community commerce and decoration management services based on the needs of property owners. Revenue from convenience services for the six months ended 30 June 2022 was approximately RMB141.4 million, representing an increase of approximately RMB74.6 million as compared with that for the six months ended 30 June 2021. Breakthrough was made in the major products of the Group's convenience services. In particular, the Group strengthened the interaction between home services and property management services and expanded the coverage of mature products, the penetration rate of which increased. For community commerce business, the Group expanded goods resources and categories, which, supported by new operation tools, contributed to the significant increase in sales.

Revenue from property interior decoration services for the six months ended 30 June 2022 was approximately RMB42.7 million, representing an increase of approximately RMB14.0 million as compared with that for the six months ended 30 June 2021. The Group actively promoted property interior decoration business in the projects under management. Meanwhile, to deal with the changes in the real estate industry, the Group tried to engage in the business of home decoration for existing projects.

## Commercial operational services

Commercial operational services mainly include research and planning services, opening preparation services, tenant sourcing agency services and operation management services, etc. Revenue from commercial operational services for the six months ended 30 June 2022 was approximately RMB109.9 million, representing an increase of approximately RMB62.8 million as compared with that for the six months ended 30 June 2021, which was due to the increase in management projects.

## 2. COST OF SALES

The Group's cost of sales refers to the costs directly related to the provision of services, including (i) staff cost of mainly its on-site staff providing property management services at properties under management; (ii) security, maintenance, cleaning and greening costs in connection with sub-contracting services; (iii) utilities cost; (iv) cost of consumable materials; (v) agency fees representing fees payable to third-party real estate agents whom the Group collaborates with; (vi) depreciation and amortisation; (vii) office, travelling and communication cost; and (viii) other cost such as community activity cost.

The Group's cost of sales amounted to approximately RMB2,861.9 million for the six months ended 30 June 2022, representing an increase of approximately RMB559.9 million (approximately 24.3%) as compared with approximately RMB2,302.0 million for the six months ended 30 June 2021 (restated). The increase in cost of sales was mainly due to continued increase in the scale of the Group's business.

## 3. GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's gross profit amounted to approximately RMB1,126.6 million for the six months ended 30 June 2022, representing an increase of approximately RMB62.2 million (approximately 5.8%) as compared with approximately RMB1,064.4 million for the six months ended 30 June 2021 (restated), which was mainly due to the increase in the Group's revenue. The Group's gross profit margin for the six months ended 30 June 2022 was approximately 28.2%, representing a decrease of 3.4 percentage points from 31.6% for the six months ended 30 June 2021 (restated), mainly attributable to the decrease in the gross profit margin of value-added services to non-property owners.

# MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the details of the Group's gross profit and gross profit margin by business lines for the periods indicated:

	For the six months ended 30 June			
	2022		2021 (restated)	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %
Property management services	700,709	25.9	534,806	26.1
Value-added services to non-property owners	231,280	26.3	413,582	38.1
Community living services	112,546	38.3	81,017	42.9
Commercial operational services	82,109	74.7	34,979	74.3
<b>Total</b>	<b>1,126,644</b>	<b>28.2</b>	<b>1,064,384</b>	<b>31.6</b>

The gross profit margin of value-added services to non-property owners decreased significantly from approximately 38.1% for the six months ended 30 June 2021 to approximately 26.3% for the six months ended 30 June 2022, which was mainly due to the change in business structure, in which the housing repair services with a relatively low gross profit margin accounted for a higher proportion.

The gross profit margin of community living services decreased from approximately 42.9% for the six months ended 30 June 2021 to approximately 38.3% for the six months ended 30 June 2022, which was mainly due to the combined effect of the change in the product structure of community commerce business and the change in the supply chain model of housekeeping and cleaning and home repair and maintenance services.

## 4. ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2022, the Group's administrative expenses amounted to approximately RMB378.8 million, representing an increase of approximately RMB60.6 million from approximately RMB318.2 million for the six months ended 30 June 2021 (restated). The increase in administrative expenses was mainly attributable to the increase in employee benefit expenses as a result of the expansion of the Group's business scale during the six months ended 30 June 2022.

## 5. SELLING AND MARKETING EXPENSES

For the six months ended 30 June 2022, the Group's selling and marketing expenses amounted to approximately RMB46.3 million, representing an increase of approximately RMB26.3 million from approximately RMB20.0 million for the six months ended 30 June 2021 (restated). The increase was mainly due to the increase in marketing personnel costs and related expenses arising from the Group's efforts in expanding premium third party properties.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 6. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

For the six months ended 30 June 2022, the Group's net impairment losses on financial assets amounted to approximately RMB1,833.4 million, representing a significant increase of approximately RMB1,814.9 million from approximately RMB18.5 million for the six months ended 30 June 2021 (restated). The increase in net impairment losses was mainly attributable to the increase in impairment provision made by the Group for amounts due from related parties, based on the principle of prudence, the increase in provision as compared to that for the six months ended 30 June 2021 was due to the change in the credit risk resulting from the change in the environment of the real estate industry in the first half of 2022.

## 7. FINANCE INCOME, NET

The Group's finance income mainly represents the interest income on bank deposits, and finance costs mainly represent the Group's interest of lease liabilities charged to profit or loss over the lease period under certain of its lease arrangements.

For the six months ended 30 June 2022, the Group's net finance income amounted to approximately RMB44.4 million, as compared to net finance income of approximately RMB93.6 million for the six months ended 30 June 2021 (restated). The change was mainly due to the lower average balance of the Group's bank deposits than the level of the same period last year, resulting in the decrease in interest income on the Group's deposits by approximately RMB50.2 million.

## 8. NET LOSSES/PROFITS

For the six months ended 30 June 2022, the Group's net losses amounted to approximately RMB747.0 million, in which, the loss attributable to the owners of the Company was approximately RMB750.8 million, while for the six months ended 30 June 2021 (restated), the Group's net profits amounted to approximately RMB656.4 million, and the profit attributable to the owners of the Company was approximately RMB632.0 million. Excluding the effect of impairment provision for amounts due from related parties, the profit attributable to the owners of the Company was approximately RMB561.2 million for the six months ended 30 June 2022, while for the six months ended 30 June 2021 (restated), the profit attributable to the owners of the Company was approximately RMB631.3 million. The decrease in the profit attributable to the owners of the Company after excluding the effect of impairment provision for amounts due from related parties was mainly attributable to the smaller scale of the value-added services to non-property owners of the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 9. TRADE AND OTHER RECEIVABLES

Trade and other receivables include trade receivables and other receivables.

As at 30 June 2022, the Group's net trade and other receivables (including current and non-current) was approximately RMB4,269.2 million, representing a decrease of approximately RMB297.1 million as compared with approximately RMB4,566.3 million as at 31 December 2021, which was mainly due to the increase in the Group's gross trade receivables by approximately RMB1,213.7 million to approximately RMB5,250.8 million as at 30 June 2022 from approximately RMB4,037.1 million as at 31 December 2021, and provision made for trade receivables during the six months ended 30 June 2022, which increased by approximately RMB1,820.9 million to approximately RMB2,025.8 million as at 30 June 2022 from approximately RMB204.9 million as at 31 December 2021. The increase in trade receivables was mainly due to the slow collection of amounts due from the related parties of the Group during the six months ended 30 June 2022, and the expanded business scale of the Group. While actively accelerating the collection of trade receivables from related parties, the Group also adjusted its business activities related to related parties to control the further increase in the balance of amounts due from related parties.

## 10. TRADE AND OTHER PAYABLES

Trade and other payables include trade payables, temporary receipt on behalf, deposits payables, consideration payable arising from non-controlling shareholder's put option, consideration payables for acquisition transactions, payroll and welfare payables.

As at 30 June 2022, the Group's trade and other payables (including current and non-current) were approximately RMB2,533.5 million, representing a decrease of approximately RMB211.3 million from approximately RMB2,744.8 million as at 31 December 2021, which was mainly due to the decrease in consideration payables for acquisition transactions and payroll and welfare payables.

## 11. LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

As at 30 June 2022, the Group's total bank deposits and cash (including restricted bank deposits) amounted to approximately RMB4,017.8 million, representing a decrease of approximately RMB1,360.6 million from approximately RMB5,378.4 million as at 31 December 2021, which was mainly due to the payment of annual dividends, the repurchase of the Company's shares on the secondary market, the payment of the balance of acquisition consideration and net cash outflows from operating activities as a result of the increase in trade receivables during the six months ended 30 June 2022.

As at 30 June 2022, the Group's net current assets (current assets less current liabilities) amounted to approximately RMB4,029.9 million (31 December 2021: approximately RMB5,674.0 million). The Group's current ratio (calculated by dividing current assets by current liabilities) was approximately 2.0 times (31 December 2021: approximately 2.2 times).

As at 30 June 2022, the Group had no loans or borrowings (31 December 2021: Nil). The gearing ratio (as calculated by dividing total borrowings less lease liabilities by total equity as at the date indicated and multiplied by 100%) as at 30 June 2022 was nil.

The Group meets and expects to continue meeting its operating capital, capital expenditure and other capital needs with cash generated from operations and proceeds from the Company's listing on the Main Board of the Stock Exchange.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 12. INTEREST RATE RISK

As the Group has no material interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent from changes in market interest rates.

## 13. FOREIGN EXCHANGE RISKS

The Group's operating activities are principally conducted in the PRC and most of its operations are denominated in RMB. The Group will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into currency swap arrangement as and when appropriate for hedging corresponding risks. As at 30 June 2022, the Group had no significant foreign exchange rate risk and had not engaged in hedging activities for managing foreign exchange risk.

## 14. PLEDGE OF ASSETS

As at 30 June 2022, none of the assets of the Group were pledged (as at 31 December 2021: Nil).

## 15. CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any material contingent liabilities (as at 31 December 2021: Nil).



# CORPORATE GOVERNANCE AND OTHER INFORMATION

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the “Corporate Governance Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as its own code on corporate governance and had complied with all applicable code provisions of the Corporate Governance Code for the six months ended 30 June 2022.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY (THE “DIRECTORS”)

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules as the guidelines for the Directors' dealings in the securities of the Company. Following specific enquiries of all the Directors, each Director confirmed that he/she had complied with the required standards as set out in the Model Code in relation to his/her securities dealings, if any, for the six months ended 30 June 2022.

## CHANGE IN INFORMATION OF DIRECTORS

Mr. Xie Jianjun retired from the office of an executive Director and ceased to serve as the vice president of the Group with effect from 9 June 2022.

Ms. Wang Lihong resigned as the chairman and chief executive officer of RISE Education Cayman Ltd, a company listed on the NASDAQ (stock code: REDU) on 10 June 2022.

Save as disclosed in this report, no information regarding Directors is subject to disclosure pursuant to Rule 13.51B (1) of the Listing Rules since the publication of the annual report for the year ended 31 December 2021 by the Company.

## SHARE AWARD SCHEME

References are made to the prospectus of the Company dated 9 November 2020 and the announcement of the Company dated 11 June 2021. Sunac Shine (PTC) Limited (“Sunac Shine”) has adopted a share award scheme (the “Share Award Scheme”) on 11 June 2021 and has been appointed as the trustee of the Sunac Services Share Award Scheme Trust for the purpose of the Share Award Scheme. The principal terms and conditions of the Share Award Scheme are summarized as follows:

### (I) PURPOSE OF THE SHARE AWARD SCHEME

The purposes of the Share Award Scheme are to (i) recognize the contributions to the Group by certain Eligible Persons (as defined below) and to give incentives in order to motivate certain Eligible Persons for the continuing development of the Group; and (ii) to align the interest of certain Eligible Persons with those of the shareholders of the Company (the “Shareholders”) by providing them with the opportunity to own equity interests of the Company.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### (II) DURATION OF THE SHARE AWARD SCHEME

Subject to any termination of the Share Award Scheme as determined by Sunac Shine, the Share Award Scheme shall be valid and effective for ten years commencing on the date of the first grant of any award (each an "Award") of the ordinary shares of the Company (the "Shares") to a selected participant under the Share Award Scheme.

### (III) PARTICIPANTS OF THE SHARE AWARD SCHEME AND BASIS FOR DETERMINING THE ELIGIBILITY OF THE SELECTED PARTICIPANTS

Persons eligible to be awarded Shares under the Share Award Scheme include, without limitation, the key management of the Group such as directors, senior management and employees of the Group and other persons who made special contribution to the Group (each such person, an "Eligible Person").

The advisory committee (the "Advisory Committee") as appointed by Sunac Shine from time to time with the power and authority to administer and distribute Shares under the Share Award Scheme may, from time to time and at its sole discretion, select the Eligible Person(s) to be granted the Award(s) (the "Selected Participant(s)") and determine the number of Shares to be awarded (the "Awarded Shares"), the vesting conditions (if any) and the vesting schedule of the Awarded Shares. The Selected Participant may accept the offer of the grant of the Awarded Shares in such manner as set out in the offer letter to be issued by the Advisory Committee to such Selected Participant in respect of the Award.

### (IV) MAXIMUM NUMBER OF SHARES THAT CAN BE AWARDED

The maximum number of Shares that may be granted as Awards under the Share Award Scheme to the Eligible Persons shall be the number of Shares held or to be held by Sunac Shine on trust for the purpose of the Share Award Scheme from time to time. As at the date of this report, Sunac Shine holds 440,941,000 Shares on trust for the Share Award Scheme, representing approximately 14.42% of the issued Shares.

### (V) GRANT AND ACCEPTANCE OF AWARDS

An offer letter setting out, among others, the number, vesting conditions (if any) and vesting schedule of the Awarded Shares to be granted will be issued by the Advisory Committee to each Selected Participant. The Selected Participant may accept the offer of the grant of the Awarded Shares in such manner as set out in the offer letter. Upon acceptance, the Selected Participant becomes a participant in the Share Award Scheme (a "Participant"). Pursuant to the Share Award Scheme, a Participant shall be entitled to receive the Awarded Shares held by Sunac Shine upon satisfaction of the vesting conditions set out in the Offer Letter. After satisfaction of the vesting conditions, Sunac Shine shall transfer the relevant Awarded Shares to the relevant Participant.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## (VI) RIGHTS AND RESTRICTIONS

### (i) Voting Rights

A Participant may not exercise the voting rights in respect of any Awarded Shares held on trust by Sunac Shine for the Participant before the vesting of such Awarded Shares to the Participant. For the period from the date of vesting of such Awarded Shares to the Participant until the date on which (a) such Participant has sold all of such Awarded Shares granted; or (b) such Participant no longer works in the Company or any subsidiary or related company of the Company (whichever is earlier) (both dates inclusive), such Participant shall irrevocably entrust Sunac Shine to exercise the voting rights of such Awarded Shares in which such Participant has interest.

Sunac Shine shall consider any instructions or recommendations from Sunac China Holdings Limited ("Sunac China") with respect to the exercise of the voting rights of the Shares which are held by it as trustee, including Shares which are not yet awarded to any Participants and Shares which are awarded but not yet vested and transferred onto the relevant Participants in accordance with the terms of the Share Award Scheme.

### (ii) Entitlement of the Related Distribution

A Participant shall not be entitled to any dividends and other distributions declared and made in respect of any Shares held under the Trust (the "Related Distribution") derived from the relevant Awarded Shares unless and until such Awarded Shares are vested onto the Participant in accordance with the terms of the Share Award Scheme.

Any Related Distribution declared and made in respect of any Shares held by Sunac Shine on trust (including Shares which are not yet awarded to any Participants and Shares which are awarded but not yet vested onto the relevant Participants in accordance with the terms of the Share Award Scheme) shall be treated and dealt with in such manner as the Advisory Committee may in its sole and absolute discretion determine.

### (iii) Rights Attached to the Awarded Shares

Any Awarded Shares transferred to a Participant under the Share Award Scheme will be subject to the provisions of the articles of association of the Company and will rank pari passu with the fully paid Shares in issue on the date of the transfer or, if that date falls on a day on which the register of members of the Company is closed, the first day of the reopening of the register of members. Accordingly, the relevant Participant will be entitled to participate in all dividends or other distributions declared or made on or after the date of the transfer or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### (iv) No Assignment

The Awarded Shares granted pursuant to the Share Award Scheme are personal in nature. The Participants shall not sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares, or any interest or benefits therein, before Sunac Shine transfer the relevant Awarded Shares to the Participants.

### (v) Unvested Awarded Shares

An Award will lapse and will be canceled by the Advisory Committee if the Participant fails to satisfy the relevant vesting conditions. Any Award of which the Awarded Shares are not yet vested will also automatically lapse and be canceled by the Advisory Committee immediately where:

- (a) in the absolute opinion of the Advisory Committee, the Participant is not qualified for his/her position, does not perform his/her work as required by Sunac China and its subsidiaries (the "Sunac China Group"), or commits any illegal act, or otherwise has done anything which, in the conclusive opinion of the Advisory Committee, adversely affects his/her ability to perform his/her duties properly;
- (b) the Participant has resigned or is no longer an employee of the Sunac China Group due to the expiry of his/her employment contract;
- (c) the Participant has been convicted for any criminal offence involving his/her integrity or honesty;
- (d) the Participant commits serious misconduct and is punishable or subject to dismissal with immediate effect by the relevant member(s) of the Sunac China Group in accordance with the relevant employees' manual or the relevant laws and regulations; or
- (e) the Advisory Committee exercises its reserved right to cancel any Award due to other reasons or other relevant provisions of the Share Award Scheme.

If any Awarded Shares are unvested prior to the Participant's death, incapacitation or retirement and none of the aforementioned events has occurred in relation to such Participant which would cause the Award to lapse or to be canceled, unless the Advisory Committee shall at its sole discretion determine otherwise, such unvested Awarded Shares will be deemed to be vested on the day immediately prior to his/her death, incapacitation, or retirement.

### (vi) Restrictions

No Award shall be made to any Selected Participants where any Director or any member of the Advisory Committee is in possession of inside information (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) in relation to the Company or the Directors are prohibited from dealing in Shares pursuant to the applicable requirements under the Listing Rules or applicable laws.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

On 8 June 2022, 7,984,000 Shares had been awarded under the Share Award Scheme to the selected eligible participants of which 1,448,000 Shares had been awarded to the directors of the Company, and 6,536,000 Shares had been awarded to other eligible participants, of which 1,996,000 Shares had been vested during the six months ended 30 June 2022. Particulars of the outstanding share awards under the Share Award Scheme and their movements during the six months ended 30 June 2022 were as follows:

	Awarded on 24 September 2021	Number of unvested shares as at 1 January 2022	Awarded during the period	Vesting during the period	Lapsed during the period	Number of unvested shares as at 30 June 2022
<b>Selected participants</b>						
<b>Directors of the Company</b>						
Wang Mengde	900,000	675,000	–	225,000	–	450,000
Cao Hongling	1,100,000	825,000	1,100,000	550,000	–	1,375,000
Yang Man	450,000	337,500	348,000	199,500	–	486,000
Lu Peng	100,000	75,000	–	25,000	–	50,000
Gao Xi	250,000	187,500	–	62,500	–	125,000
Sub-total	2,800,000	2,100,000	1,448,000	1,062,000	–	2,486,000
<b>Former Director of the Company</b>						
Xie Jianjun ( <i>retired from the office of executive Director with effect from 9 June 2022</i> )	80,000	60,000	–	–	60,000	–
<b>Other eligible participants</b>	10,195,000	7,573,500	6,536,000	4,089,000	232,000	9,788,500
<b>Total</b>	13,075,000	9,733,500	7,984,000	5,151,000	292,000	12,274,500

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

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 its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix 10 to the Listing Rules, are set out below:

### (I) INTERESTS IN SHARES OF THE COMPANY (LONG POSITION)

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in the Company <sup>(Note)</sup>
Mr. Wang Mengde	Beneficial owner	1,707,734	0.06%
Ms. Cao Hongling	Beneficial owner	1,680,563	0.05%
Ms. Yang Man	Beneficial owner	410,687	0.01%
Mr. Lu Peng	Beneficial owner	45,814	0.001%
Mr. Gao Xi	Beneficial owner	793,000	0.03%
Ms. Wang Lihong	Beneficial owner	100,965	0.003%

Note: Calculated on the basis of 3,056,844,000 Shares in issue as at 30 June 2022.

### (II) INTERESTS IN UNDERLYING SHARES OF THE COMPANY (LONG POSITION)

Name of Director	Nature of interest	Number of unvested shares awarded under the share award scheme	Approximate percentage of interest in the Company <sup>(Note)</sup>
Mr. Wang Mengde	Beneficial owner	450,000	0.01%
Ms. Cao Hongling	Beneficial owner	1,375,000	0.04%
Ms. Yang Man	Beneficial owner	486,000	0.02%
Mr. Lu Peng	Beneficial owner	50,000	0.002%
Mr. Gao Xi	Beneficial owner	125,000	0.004%

Note: Calculated on the basis of 3,056,844,000 Shares in issue as at 30 June 2022.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### (III) INTERESTS IN SHARES OF THE COMPANY'S ASSOCIATED CORPORATIONS (LONG POSITION)

Name of Director	Name of associated corporation	Nature of interest	Number of ordinary shares held	Approximate percentage of interest <sup>(Note)</sup>
Mr. Wang Mengde	Sunac China	Beneficial owner	18,087,000	0.33%
Ms. Cao Hongling	Sunac China	Beneficial owner	3,098,500	0.06%
Ms. Yang Man	Sunac China	Beneficial owner	29,508	0.001%
Mr. Lu Peng	Sunac China	Beneficial owner	626,199	0.01%
Mr. Gao Xi	Sunac China	Beneficial owner	586,000	0.01%
Ms. Wang Lihong	Sunac China	Beneficial owner	30,000	0.001%

Note: Calculated on the basis of 5,448,883,911 Sunac China ordinary shares in issue as at 30 June 2022.

### (IV) INTERESTS IN UNDERLYING SHARES OF THE COMPANY'S ASSOCIATED CORPORATIONS (LONG POSITION)

Name of Director	Name of associated corporation	Nature of interest	Number of outstanding share options granted under the share option schemes	Number of unvested shares awarded under the share award scheme	Total as an approximate percentage of interest <sup>(Note)</sup>
Mr. Wang Mengde	Sunac China	Beneficial owner	2,800,000	950,000	0.07%
Ms. Cao Hongling	Sunac China	Beneficial owner	1,830,082	220,000	0.04%
Ms. Yang Man	Sunac China	Beneficial owner	–	22,000	0.0004%
Mr. Lu Peng	Sunac China	Beneficial owner	560,000	405,000	0.02%
Mr. Gao Xi	Sunac China	Beneficial owner	1,200,000	354,000	0.03%

Note: Calculated on the basis of 5,448,883,911 Sunac China ordinary shares in issue as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executives of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register 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.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS (LONG POSITION)

To the knowledge of the Company, as at 30 June 2022, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of interest/Capacity	Number of Shares held <sup>(1)</sup>	Approximate percentage of interest in the Company <sup>(2)</sup>
Sun Hongbin ("Mr. Sun") <sup>(4)(5)(6)(7)</sup>	Founder of a discretionary trust	2,046,662,489(L)	66.95%
	Interest of controlled corporation	1,567,117(L)	0.05%
	Beneficial owner	1,466,472(L)	0.05%
South Dakota Trust Company LLC <sup>(6)</sup>	Trustee	2,046,662,489(L)	66.95%
Sunac Holdings LLC <sup>(5)</sup>	Interest of controlled corporation	2,046,662,489(L)	66.95%
Sunac International Investment Holdings Ltd <sup>(4)</sup>	Interest of controlled corporation	1,980,941,000(L)	64.80%
	Beneficial owner	65,721,489(L)	2.15%
Sunac China <sup>(3)</sup>	Interest of controlled corporation	1,980,941,000(L)	64.80%
Sunac Services Investment Limited <sup>(3)</sup>	Beneficial owner	1,540,000,000(L)	50.38%
Sunac Shine (PTC) Limited ("Sunac Shine") <sup>(3)</sup>	Trustee	440,941,000(L)	14.42%

Notes:

- (1) The letter "L" denotes a long position in the Shares.
- (2) Calculated on the basis of 3,056,844,000 Shares in issue as at 30 June 2022.
- (3) Sunac Services Investment Limited is wholly owned by Sunac China. Sunac Shine is wholly-owned by Sunac China and acts as the trustee of the Sunac Services Share Award Scheme Trust which is set up for the purpose of a share award scheme adopted on 11 June 2021. By virtue of the SFO, Sunac China is deemed to be interested in the Shares held by Sunac Services Investment Limited and Sunac Shine.
- (4) As at 30 June 2022, Sunac China was owned as to (i) approximately 37.49% by Sunac International Investment Holdings Ltd, (ii) approximately 0.89% by Tianjin Biaodi Enterprise Management Co., Ltd., which was indirectly wholly owned by Mr. Sun, and (iii) approximately 0.37% by Mr. Sun. By virtue of the SFO, Sunac International Investment Holdings Ltd and Mr. Sun are deemed to be interested in the same number of Shares in which Sunac China is interested.
- (5) Sunac International Investment Holdings Ltd is owned as to 70% by Sunac Holdings LLC. By virtue of the SFO, Sunac Holdings LLC is deemed to be interested in the same number of Shares in which Sunac International Investment Holdings Ltd is interested.
- (6) Sunac Holdings LLC is wholly owned by South Dakota Trust Company LLC, a discretionary trust set up by Mr. Sun as the founder. By virtue of the SFO, South Dakota Trust Company LLC and Mr. Sun are deemed to be interested in the same number of Shares in which Sunac Holdings LLC is interested.
- (7) Tianjin Biaodi Enterprise Management Co., Ltd. is indirectly wholly owned by Mr. Sun. By virtue of the SFO, Mr. Sun is deemed to be interested in the same number of Shares in which Tianjin Biaodi Enterprise Management Co., Ltd. is interested.

Save as disclosed above, the Directors are not aware of any person (other than the Director, or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO.



# CORPORATE GOVERNANCE AND OTHER INFORMATION

## SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

There were no other significant investments held, material acquisitions or disposals of subsidiaries, associates or joint ventures during the six months ended 30 June 2022.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As stated in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 9 November 2020, and the announcements of the Company dated 13 December 2020, 8 November 2021 and 29 August 2022, the Group intends to utilise the net proceeds raised from the listing of the shares of the Company (the “Listing”), among other things, to pursue selective strategic investment and acquisition opportunities with companies engaged in property management and/or community operations.

Save as disclosed in this report, there were no other plans authorised by the board of Directors (the “Board”) for material investments or additions of capital assets as at 30 June 2022.

## INTERIM DIVIDEND

The Board does 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).

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

For the six months ended 30 June 2022, the Company repurchased on the open market an aggregate of 22,892,000 Shares at a total consideration of approximately HK\$87,243,660. Such repurchased Shares had been cancelled by the Company as at 30 June 2022.

Particulars of the Shares repurchased during the six months ended 30 June 2022 are as follows:

Month in which the Shares were repurchased	Aggregate number of Shares repurchased	Highest price paid per Share (HK\$)	Lowest price paid per Share (HK\$)	Total consideration paid (HK\$)	Date of cancellation
January	1,300,000	7.36	6.63	9,160,300	20 January 2022
May	21,592,000	4.00	3.18	78,083,360	10 June 2022

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

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## SUBSEQUENT EVENTS

The resolution in relation to, among other things, the approval of the entering into of the property management and related services framework agreement dated 29 April 2022 and the supplemental agreement to the property management and related services framework agreement dated 14 July 2022, the proposed annual caps and the transactions contemplated thereunder as set out in the circular of the Company dated 20 July 2022 was passed at the extraordinary general meeting of the Company held on 9 August 2022. For details, please refer to the announcement of the Company dated 9 August 2022.

Save as disclosed above, the Group had no significant subsequent events after the reporting period which needs to be disclosed.

## EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2022, the Group had 31,617 (as at 31 December 2021: 38,146) employees. For the six months ended 30 June 2022, the staff cost of the Group was approximately RMB1.74 billion (for the six months ended 30 June 2021 (restated): approximately RMB1.37 billion). The Group's employee remuneration policy is determined by reference to factors such as remuneration standard of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and employee performance. The Directors of the Company will review the remuneration policy from time to time. The Group conducts annual performance appraisals for its employees, the results of which are applied in annual salary and promotional assessment. Social insurance is paid by the Group for its employees in mainland China in accordance with the relevant PRC regulations.

The Group regularly hosts comprehensive internal staff training programmes for its employees to improve and enhance their technical and service skills, as well as to provide them with the knowledge of industry quality standards and work place safety standards. Orientation trainings are provided to new hires, introducing them to the Group's corporate culture, coaching them on the Group's teamwork model, and teaching them service standards and procedures. The Group also assigns experienced managers to serve as mentors to newly-hired employees, who provide tailored coaching and guidance. Training courses and regular seminars on various aspects of its business operations, such as quality control and customer relationship management, are provided to the Group's employees. In addition, the Group has established occupational safety and sanitation systems, implemented the ISO45001:2018 Occupational Health and Safety Management System, and provided employees with workplace safety trainings on a regular basis to increase their awareness of work safety issues.

## CONSTITUTIONAL DOCUMENTS

The second amended and restated articles of association of the Company in substitution for and to the exclusion of the existing articles of association of the Company was adopted upon the approval in the annual general meeting of the Company held on 9 June 2022. The latest version of the amended and restated memorandum of association and second amended and restated articles of association of the Company is available for inspection at the website of the Company ([www.sunacservice.com](http://www.sunacservice.com)) and the designated website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

## USE OF PROCEEDS FROM THE LISTING

The shares of the Company were listed on the Main Board of the Stock Exchange on 19 November 2020 (the "Listing Date") by way of global offering, 690,000,000 Shares were issued, and the total of 793,500,000 Shares were issued after the over-allotment options were fully exercised, raising the total net proceeds (after deducting underwriting commissions and other related listing expenses) of approximately HK\$9,042 million.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

As disclosed in the announcements of the Company dated 8 November 2021 and 29 August 2022, the Board resolved to change the use of the unutilised net proceeds from the Listing. On 8 November 2021, the Board resolved to change the proposed use of the net proceeds from the Listing to allocate more net proceeds to acquisition opportunities with companies engaged in property management and related services and community operations. On 29 August 2022, the Board resolved to change the proposed use of the unutilised net proceeds from the Listing to allocate part of the net proceeds to technology, community living services business, working capital and other uses in view of the change in the current property management industry and limited quality merger and acquisition targets with appropriate values and to improve the utilisation efficiency of capital, and enhance the endogenous development ability of the Group. Further details of the breakdown and description of the net proceeds are set out in the announcements of the Company dated 8 November 2021 and 29 August 2022. In addition, the Board, having considered the current needs of the Group and the prevailing market conditions, has resolved to extend the expected timeline of full utilisation of the balance of the net proceeds from the Listing to on or before 31 December 2026.

Up to 30 June 2022, the net proceeds from the Listing were utilised according to the intentions previously disclosed by the Company as follows and the remaining net proceeds are intended to be used in the manner as set out in the announcement of the Company dated 29 August 2022:

Use of net proceeds	Revised allocation of the net proceeds as set out in the announcement dated 8 November 2021		Actual amount of net proceeds utilised from the Listing Date to 30 June 2022 (HK\$ million)	Unutilised amount of net proceeds as at 30 June 2022 (HK\$ million)	Revised allocation of the unutilised net proceeds as set out in the announcement dated 29 August 2022 (HK\$ million)	Expected timeline of full utilisation of the balance <sup>(Note)</sup>
	(HK\$ million)	(Percentage)				
(a) Strategic investment and acquisition opportunities with companies engaged in property management and/or community operations	8,138	90%	3,566	4,572	1,838	On or before 31 December 2026
(b) Upgrading the Group's systems for smart management services and for the development of the smart communities	452	5%	188	264	580	On or before 31 December 2026
(c) Further developing the community value-added services of the Group	271	3%	271	0	1,209	On or before 31 December 2026
(d) Working capital and general corporate purposes	181	2%	181	0	1,209	On or before 31 December 2026
<b>Total</b>	<b>9,042</b>	<b>100%</b>	<b>4,206</b>	<b>4,836</b>	<b>4,836</b>	

Note: The expected timeline of full utilisation of the balance is set based on the best estimation of the Company taking into account, among other factors, prevailing and future market conditions and business developments and needs, and therefore is subject to change.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## REASONS AND BENEFITS FOR THE CHANGE IN USE OF THE UNUTILISED NET PROCEEDS

Taking into account the current market conditions, changes in the property management industry and limited quality merger and acquisition targets with appropriate values, the Board is of the view that the allocation of part of the net proceeds to technology, community living business, working capital and other uses can improve the utilisation efficiency of the capital, enhance the endogenous development ability of the Group, and boost the healthy and sustainable development of the Group, which is in the best interests of the Group and its shareholders as a whole.

Specifically, the Group reallocated use of the net proceeds from the Listing for the following reasons:

- (i) Since 2022, the performance of the capital market has been sluggish where access to acquisition financing for property companies has been limited leading to shortage of cash. At the same time, with a substantial reduction in valuation of the property sector, sellers' selling incentive has been weakened, and the number of high-quality targets has been decreased sharply. The above led to dramatic changes in the mergers and acquisitions ("M&A") market of the property management industry in 2022 compared to that in 2021. The Group proactively responded to market changes and strategically slowed down the pace of M&A. Since the termination of the acquisition of First Service Holding Limited in early 2022, no new M&A activities have been carried out in the first half of 2022, and no M&A targets are under follow-up so far. Therefore, in terms of strategic investment and acquisition opportunities for companies engaged in property management and/or community operations, the Company's revised allocation of the unutilised net proceeds from the Listing was reduced to HK\$1,838 million.
- (ii) With the slowing down of M&A activities, the Group paid more attention to operations and reallocated more resources to develop its own business, so as to ensure stable development and endogenous growth of the Company. On the basis of adhering to quality services, it focused on building core capabilities including digital technology capabilities, comprehensive service capabilities, customer operation capabilities, and talent management capabilities. In particular, the investment in and application of digital technology capabilities, as one of the important strategies of the Group, requires continuous capital investment to deploy and upgrade smart equipment, maintain and optimize management systems, research and develop and iterate service platforms, etc., in order to improve management efficiency and owners' experiences. The Group's revised unutilised net proceeds from the Listing plus the amount used for this purpose totaled to HK\$768 million, which was less than HK\$1.357 billion proposed at the time of Listing, mainly due to the reduction in research and development and procurement costs of software and hardware. In terms of software, the Group has improved its independent research and development capabilities, established self-developed research and development teams, and improved research and development efficiency, thereby reducing the procurement costs of software. In terms of hardware, in the first half of 2022, the Company independently developed a lightweight solution for building smart communities, thereby significantly reducing the procurement costs of hardware.
- (iii) In order to provide more comprehensive and convenient and better quality services to property owners, and increase the Group's revenue while increasing the loyalty of owners, the Group will also accelerate the development of community living services business as one of its important strategies. In the first half of 2022, the revenue from the community living services business increased by 56% year-on-year, contributing a revenue of approximately RMB294 million which accounted for approximately 7% of the Group's total revenue. The community living services business has become one of the Group's important businesses. The development of community living services business requires continuous capital investment to support the expansion of service categories and the improvement of their penetration (such as purchase of equipment, renting of premises, etc.), attract outstanding talents in sub-sectors, provide skills training for employees, and invest in customer acquisition as initial costs. Therefore, the Group's revised unutilised net proceeds from the Listing plus the used amount for this purpose totaled to HK\$1.48 billion, which was higher than HK\$904 million proposed at the time of Listing.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

- (iv) Finally, the repeated outbreak of COVID-19 epidemic, continuous increase in the pressure on economic growth, and the slowdown in the collection of accounts receivable of the Group's related party, the Sunac Group (please refer to the section "Related-party Businesses" below for details) have had a certain impact on the Group's daily operations. The Group needs to ensure sufficient working capital for daily operations to cope with the challenges faced by the industry. Therefore, regarding the portion for working capital and general corporate purposes, the Group's revised unutilised net proceeds from the Listing plus the used amount totaled HK\$1.39 billion, which was higher than HK\$904 million proposed at the time of Listing.

In view of the above, the Board considered that the change in use of the unutilised net proceeds is fair and reasonable and in the best interest of the Company and the Shareholders as a whole and it would not have a material adverse effect on the existing business operations of the Group. The Board also confirmed that there was no material change in the business nature of the Group as set out in the Prospectus.

### RELATED-PARTY BUSINESSES

Since its establishment in 2004, the Group has been providing a wide range of services (including property management services, sales assistance services, consultancy and other value-added services, housing repair services, commercial operational services and real estate brokerage services) to Sunac Group (which for the purpose of this section headed "RELATED-PARTY BUSINESSES", means Sunac China and its subsidiaries, associates and joint ventures, excluding the Group), which is the largest customer of the Group. For the six months ended 30 June 2022, the Group's revenue from Sunac Group was approximately RMB1,156 million, accounting for approximately 28.97% of the total revenue of the Group (for the six months ended 30 June 2021: approximately RMB1,352 million (restated), accounting for approximately 40.15% of the total revenue).

As at 30 June 2022, the Group's trade receivables from related parties amounted to approximately RMB3,651 million (31 December 2021: approximately RMB3,036 million). It was mainly attributable to the fact that since the second half of 2021, there have been dramatic changes to the macro environment in the real estate industry in China, which brought certain liquidity pressure to Sunac Group. As Sunac Group failed to pay part of the trade receivables due to the Group as scheduled, the Group's trade receivables from related parties increased by approximately RMB615 million in the first half of 2022. The changes and ageing of receivables from related parties are as follows:

Changes in receivables from related parties for the six months ended 30 June 2022:

	<i>Unit: RMB'000</i>
Receivables from related parties as at 31 December 2021	3,035,656
Income from related parties (inclusive of VAT) during the period	1,241,729
Repayment from related parties during the period	(618,925)
Others (Note)	(7,959)
Receivables from related parties as at 30 June 2022	3,650,501

Note: Transfer from receivables from related parties to third-party receivables after disposal of assets by Sunac China Group.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

The ageing of receivables from related parties as at 30 June 2022:

Unit: RMB'000

30 June 2022	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Total
<b>Total carrying amount</b>	<b>3,175,572</b>	<b>469,727</b>	<b>5,202</b>	<b>–</b>	<b>3,650,501</b>

31 December 2021	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Total
<b>Total carrying amount</b>	<b>2,539,988</b>	<b>489,868</b>	<b>5,602</b>	<b>199</b>	<b>3,035,657</b>

In the first half of 2022, in the face of changes in the external environment such as the repeated pandemic and the continuous downturn in the real estate market, the Group was determined to provide services to the project companies of Sunac Group from a market-oriented perspective. That is, based on the basic principle of recoverable payments, the Group made comprehensive judgments and risk assessments on the past collections and current operating conditions of different businesses and project companies, and resolutely ceased or reduced the businesses with high risk of collections, including part of the property management services for Sunac Group's self-owned properties, part of sales assistance services, the real estate brokerage services for tourism and vacation projects and all housing repair services. In particular:

- (i) In respect of property management services, for the six months ended 30 June 2022, the Group's revenue from the basic property management services provided to Sunac Group was approximately RMB255 million, representing a year-on-year decrease of approximately 9.2%.

For the property management services provided for Sunac Group's self-owned properties, such as amusement parks, hotels and other self-owned projects, the business operation was greatly affected by the pandemic, leading to poor payment collection. As a result, the Group proactively suspended all such services in the first half of 2022.

In respect of the property management services for the properties sold by Sunac Group, the Company continued to provide such services for the following reasons:

- (a) For projects that have been delivered in the past, the property management services provided by the Group are aimed at the joint management of the common buildings, venues and facilities within the project area, which is available to both Sunac Group and all minority property owners, and does not generate services and costs for Sunac Group separately. Therefore, the Group cannot separately terminate the services provided to Sunac Group;
- (b) For an individual project, the vast majority of the Group's revenue is derived from minority property owners. If the entire services for the project are discontinued in order to terminate the services to Sunac Group, it will have a greater impact on the Company's revenue. In the first half of 2022, the revenue from this related-party transaction accounted for a relatively small proportion of the total revenue from basic property services, at approximately 5.06% only.
- (c) As the projects continue to be sold, such stock-related revenue will continuously decrease.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

- (ii) In respect of sales assistance services, for the six months ended 30 June 2022, the Group's revenue from the sales assistance services provided to Sunac Group was approximately RMB302 million, representing a year-on-year decrease of approximately 36.1%.

As stated in the announcement of Sunac China dated 4 July 2022, Sunac China Group will continue to focus on completion and delivery of its property projects and the improvement of sales performance, and therefore the payment collection risk associated with sales assistance and other businesses, which are directly related to the guaranteed delivery and sales businesses of Sunac Group, is relatively low. The Group proactively withdrew some sales assistance services with poor payment collection and reduced the corresponding personnel to control costs, while continuing to provide sales assistance services to those projects with lower payment collection risk after assessment.

- (iii) In respect of real estate brokerage services, for the six months ended 30 June 2022, the Group's revenue from the real estate brokerage services provided to Sunac Group was approximately RMB37 million, representing a year-on-year decrease of approximately 80.5%.

The business, especially the brokerage services in relation to the tourism and vacation projects, was significantly affected by the real estate market, with continuous decline of sales and agency income. Meanwhile, the high payment collection risk of Sunac Group has resulted in significant business risks, the Company suspended the real estate brokerage services provided in relation to the tourism and vacation projects in the first half of 2022.

- (iv) In respect of housing repair services, for the six months ended 30 June 2022, the Group's revenue from the housing repair services provided to Sunac Group was approximately RMB174 million. As disclosed in the announcement of the Company dated 11 June 2021, the Company only commenced its housing repair business from June 2021, and therefore the revenue is not comparable to the first half of last year. Due to the impact of the liquidity of Sunac Group, at this stage, Sunac Group utilizes more funds on guaranteeing delivery and promoting sales. However, as the housing repair business mainly involves the provision of services to projects during the maintenance period after the delivery of the houses, recently, the payment collection of this business has remained relatively poor, and the payment collection risk will be high in the future. Considering the risk of payment collection, the Company suspended such business in the first half of 2022.

The Group adjusts its business in a timely manner according to changes in the industry environment and the corporations it serves, and maintains continuous and close communication with Sunac Group regarding the collection of amounts. Any new business intended to be carried out with Sunac Group shall be reported to the Group for study and assessment to ensure its judgment on the recoverability of amounts. Meanwhile, the Group has also taken a series of measures to collect the existing accounts receivable:

- (i) Continue to strengthen collection efforts: For historical arrears, the Group implements a specially-assigned person responsibility system for collections;
- (ii) Take credit enhancement measures such as obtaining security: The Group has obtained security for some trade payments given by Sunac Group as credit enhancement;
- (iii) Continue to actively seek solutions for arrears: The Group continues to negotiate with Sunac Group for other assets or solutions that can be used for credit enhancement.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## AUDIT COMMITTEE AND REVIEW OF THE INTERIM RESULTS

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the Listing Rules and the code provisions of the Corporate Governance Code. The Audit Committee currently consists of three independent non-executive Directors, namely, Mr. Yao Ning, Ms. Wang Lihong and Mr. Zhao Zhonghua, and is chaired by Mr. Yao Ning who possesses the qualification of professional accountant. The primary duties of the Audit Committee are to assist the Board to fulfill the functions of reviewing and monitoring the financial reporting procedure, internal control and risk management systems of the Company, to review the corporate governance policies and implementation of the Group and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed matters concerning the audit, internal control and risk management systems and financial reporting, including reviewing the Group’s unaudited interim results for the six months ended 30 June 2022.

The Group’s unaudited interim results for the six months ended 30 June 2022 have been reviewed by the Company’s independent auditor, PricewaterhouseCoopers, 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.

**Sunac Services Holdings Limited**  
**Wang Mengde**  
*Chairman of the Board*

Hong Kong, 29 August 2022



# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

**To the Board of Directors of Sunac Services Holdings Limited**  
(incorporated in Cayman Islands with limited liability)

## Introduction

We have reviewed the interim financial information set out on pages 32 to 70, which comprises the interim condensed consolidated statement of financial position of Sunac Services Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2022 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review 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 interim financial information consists of making inquiries, 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 information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 29 August 2022

*PricewaterhouseCoopers, 22/F, Prince’s Building, Central, Hong Kong  
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Note	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited) (Restated) (Note 4)
<b>Revenue</b>	8	<b>3,988,551</b>	3,366,339
Cost of sales	9	<b>(2,861,907)</b>	(2,301,955)
<b>Gross profit</b>		<b>1,126,644</b>	1,064,384
Administrative expenses	9	<b>(378,806)</b>	(318,220)
Selling and marketing expenses	9	<b>(46,337)</b>	(20,042)
Net impairment losses on financial assets	9	<b>(1,833,366)</b>	(18,468)
Other income and expenses	10	<b>42,798</b>	27,663
Other gains – net	11	<b>11,013</b>	26,723
<b>Operating (loss)/profit</b>		<b>(1,078,054)</b>	762,040
Finance income		<b>47,287</b>	95,677
Finance costs		<b>(2,872)</b>	(2,029)
Finance income – net	12	<b>44,415</b>	93,648
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net	18	<b>4,409</b>	6,494
<b>(Loss)/profit before income tax</b>		<b>(1,029,230)</b>	862,182
Income tax credits/(expense)	13	<b>282,279</b>	(205,828)
<b>(Loss)/profit for the period</b>		<b>(746,951)</b>	656,354
<b>Other comprehensive income for the period</b>		–	–
<b>Total comprehensive (loss)/income for the period</b>		<b>(746,951)</b>	656,354
<b>Total comprehensive (loss)/income attributable to:</b>			
– Owners of the Company		<b>(750,795)</b>	631,976
– Non-controlling interests		<b>3,844</b>	24,378
		<b>(746,951)</b>	656,354
<b>(Loss)/earnings per share (expressed in RMB per share) (unaudited)</b>			
– Basic (loss)/earnings per share	14	<b>(0.24)</b>	0.20
– Diluted (loss)/earnings per share	14	<b>(0.24)</b>	0.20

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	120,349	122,273
Investment properties		47,920	47,920
Right-of-use assets	16	65,076	83,831
Intangible assets	17	2,093,555	2,110,527
Investments accounted for using the equity method	18	83,480	77,601
Financial assets at fair value through profit or loss	21	478,201	478,201
Prepayments		44,179	36,071
Other receivables	19	222,569	204,887
Deferred tax assets	25	521,188	87,480
		<b>3,676,517</b>	<b>3,248,791</b>
<b>Current assets</b>			
Inventories		59,537	57,982
Trade and other receivables	19	4,046,626	4,361,416
Prepayments		66,735	43,414
Cash and cash equivalents	20	3,916,103	5,304,239
Restricted cash		21,673	14,129
Bank deposits with the maturity over three months	20	80,000	60,000
Financial assets at fair value through profit or loss	21	58,471	378,295
		<b>8,249,145</b>	<b>10,219,475</b>
<b>Total assets</b>		<b>11,925,662</b>	<b>13,468,266</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	22	25,645	25,881
Treasury shares	23	–	(35,435)
Reserves	23	6,144,570	6,611,648
Retained earnings		1,148,636	1,899,431
		<b>7,318,851</b>	<b>8,501,525</b>
Non-controlling interests		176,096	171,462
<b>Total equity</b>		<b>7,494,947</b>	<b>8,672,987</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	16	79,492	88,692
Deferred tax liabilities	25	131,959	161,076
		<b>211,451</b>	<b>249,768</b>
<b>Current liabilities</b>			
Lease liabilities	16	32,062	32,245
Trade and other payables	24	2,533,532	2,744,802
Contract liabilities	8	1,313,035	1,444,247
Current income tax liabilities		340,635	324,217
		<b>4,219,264</b>	<b>4,545,511</b>
<b>Total liabilities</b>		<b>4,430,715</b>	<b>4,795,279</b>
<b>Total equity and liabilities</b>		<b>11,925,662</b>	<b>13,468,266</b>

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

The condensed consolidated interim financial information on pages 32 to 70 were approved by the Board of Directors on 29 August 2022 and were signed on its behalf.

\_\_\_\_\_  
Cao Hongling  
Director

\_\_\_\_\_  
Yang Man  
Director

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Unaudited						
	Attributable to the owners of the Company						
	Share capital	Treasury shares	Reserves	Retained earnings	Subtotal	Non-controlling interests	Total Equity
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2022	25,881	(35,435)	6,611,648	1,899,431	8,501,525	171,462	8,672,987
Total comprehensive (loss)/income for the period ended 30 June 2022	-	-	-	(750,795)	(750,795)	3,844	(746,951)
<b>Transactions with owners, recognised directly in equity</b>							
Capital contributions from non-controlling interests	-	-	-	-	-	1,290	1,290
Repurchases of shares	-	(74,858)	-	-	(74,858)	-	(74,858)
Deregistration of repurchased shares	(236)	110,293	(110,057)	-	-	-	-
Disposal of a subsidiary	-	-	-	-	-	(500)	(500)
Share award scheme-value of employee services	-	-	24,622	-	24,622	-	24,622
Dividends relating to 2021	-	-	(381,643)	-	(381,643)	-	(381,643)
Balance at 30 June 2022	25,645	-	6,144,570	1,148,636	7,318,851	176,096	7,494,947

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Unaudited						
	Attributable to the owners of the Company					Non-controlling interests	Total Equity
	Note	Share capital	Reserves	Retained earnings	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Balance at 1 January 2021, as previously reported</b>		26,035	8,910,940	746,962	9,683,937	51,281	9,735,218
Acquisition of Rongle Times (Hainan) Business Management Co., Ltd. ("Rongle Times") and its subsidiaries ("Rongle Times Group")	4	-	-	(4,063)	(4,063)	-	(4,063)
<b>At 1 January 2021, as restated</b>		26,035	8,910,940	742,899	9,679,874	51,281	9,731,155
<b>Total comprehensive income for the period ended 30 June 2021</b>		-	-	631,976	631,976	24,378	656,354
<b>Transactions with owners, recognised directly in equity</b>							
Capital contributions from non-controlling interests		-	-	-	-	1,350	1,350
Acquisition of subsidiaries on business combination		-	(182,500)	-	(182,500)	40,058	(142,442)
Transaction with non-controlling interests		-	(9)	-	(9)	(470)	(479)
Capital injection from a fellow subsidiary of Sunac China		-	5,000	-	5,000	-	5,000
Dividends relating to 2020		-	(180,003)	-	(180,003)	-	(180,003)
<b>Balance at 30 June 2021, as restated</b>		26,035	8,553,428	1,374,875	9,954,338	116,597	10,070,935

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Note	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited) (Restated)
<b>Cash flows from operating activities</b>			
Cash (used in)/generated from operations		(858,980)	271,414
Income tax paid		(149,968)	(143,088)
<b>Net cash (used in)/generated from operating activities</b>		<b>(1,008,948)</b>	128,326
<b>Cash flows from investing activities</b>			
Net cash impact on business combination		–	(736,526)
Payments for consideration payable of the acquisition of Zhejiang New Century Property Management Co., Ltd. (“NCPM”)		(181,624)	(214,166)
Payments for purchases of property, plant and equipment (“PPE”) and intangible assets		(60,210)	(51,713)
Payments for financial assets at fair value through profit or loss (“FVPL”)		(888,115)	(1,026,250)
Capital injection in joint ventures and an associate		(1,470)	(6,220)
Proceeds from settlement of financial assets at FVPL		1,214,337	931,340
Proceeds from disposal of PPE		2,063	538
Dividend received from a joint venture		–	1,290
Interest received		1,844	2,765
Principal elements of lease receivables		936	–
<b>Net cash generated from/(used in) investing activities</b>		<b>87,761</b>	(1,098,942)
<b>Cash flows from financing activities</b>			
Capital contribution from non-controlling interests		1,290	1,350
Capital injection from a fellow subsidiary of Sunac China		–	5,000
Proceeds from disposal a subsidiary		500	–
Payments for transaction with non-controlling interests		–	(479)
Dividends relating to 2021		(381,643)	–
Repurchase of shares		(74,858)	–
Repayments of borrowings		–	(5,000)
Interest paid		(2,872)	(2,029)
Principal elements of lease payments		(13,951)	(11,955)
<b>Net cash used in financing activities</b>		<b>(471,534)</b>	(13,113)
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period		5,304,239	9,368,602
Effects of exchange rate changes on cash and cash equivalents		4,585	(7,787)
<b>Cash and cash equivalents at end of the period</b>		<b>3,916,103</b>	8,377,086

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 1 General information

Sunac Services Holdings Limited (“the Company”) was incorporated in the Cayman Islands on 10 January 2019 as an exempted company with limited liability under the Companies Law (Cap. 22, law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands.

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

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The ultimate holding company of the Company is Sunac China Holdings Limited (“Sunac China”), an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange.

These condensed consolidated interim financial information are presented in Renminbi (“RMB”), unless otherwise stated.

## 2 Basis of presentation

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 *Interim Financial Reporting*. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcement made by the Company during the interim reporting period.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 3 Significant accounting policies

The accounting policies adopted by the Group are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards as set out below.

### (A) NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2022:

*Amendments to HKFRS 3 – Update reference to the conceptual framework*

*Amendments to HKAS 16 – Proceeds before intended use*

*Amendments to HKAS 37 – Onerous contracts – costs of fulfilling a contract*

*Annual Improvements to HKFRSs Standards 2018–2020*

*Revised Accounting Guideline 5 – Merger accounting for common control combination*

The amendments listed above did not have any significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### (B) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED BY THE GROUP

Certain new accounting standards and interpretations have been published that are not mandatory for 2022 interim reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

	Effective for the financial year beginning on or after
<i>Hong Kong Interpretation 5 (2020) – Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause</i>	1 January 2023
<i>HKFRS 17 – Insurance contract</i>	1 January 2023
<i>Amendments to HKAS 1 – Classification of liabilities as current or non-current</i>	1 January 2023
<i>Amendments to HKAS 12 – Deferred tax related to assets and liabilities arising from a single transaction</i>	1 January 2023
<i>Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of accounting policies</i>	1 January 2023
<i>Amendments to HKAS 8 – Definition of accounting estimates</i>	1 January 2023
<i>Amendments to HKFRS 10 and HKAS 28 – Sale or contribution of assets between an investor and its associates or joint ventures</i>	To be determined

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 4 Application of business combination under common control

On 7 November 2021, the Company entered into an acquisition agreement with Sunac China, pursuant to which the Company agreed to acquire the entire equity interest of Rongle Times Group at a consideration of RMB1,800 million. The entire equity interest of Rongle Times Group was transferred to the Group on 12 November 2021.

For the purpose of these condensed consolidated financial statements, the Company and Rongle Times Group were under common control of Sunac China, it is accounted for as a business combination under common control. The assets and liabilities of the entities are consolidated by the Group using the existing book values from the controlling parties' perspective as if Rongle Times Group had been in existence within the Group's structure throughout the periods presented, or since the date when the relevant companies first came under the control of ultimate controlling party, whichever is a shorter period.

No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of business combination under common control, to the extent of the continuation of the ultimate controlling party's interest.

Inter-company transactions, balances and unrealised gains/losses on transactions between Rongle Times Group and other group companies are eliminated on consolidation.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 4 Application of business combination under common control (Continued)

The following is a reconciliation of the effect arising from the business combination under common control of Rongle Times Group on the condensed consolidated statement of comprehensive income.

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	The Group (before business combination under common control) RMB'000	Effects of business combination under common control of Rongle Times Group RMB'000	Consolidated RMB'000
<b>Revenue</b>	3,319,248	47,091	3,366,339
Cost of sales	(2,289,843)	(12,112)	(2,301,955)
<b>Gross profit</b>	1,029,405	34,979	1,064,384
Administrative expenses	(315,316)	(2,904)	(318,220)
Selling and marketing expenses	(19,814)	(228)	(20,042)
Net impairment losses on financial assets	(18,163)	(305)	(18,468)
Other income and expenses	27,638	25	27,663
Other gains – net	26,723	–	26,723
<b>Operating profit</b>	730,473	31,567	762,040
Finance income	95,677	–	95,677
Finance costs	(2,029)	–	(2,029)
Finance income – net	93,648	–	93,648
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net	6,494	–	6,494
<b>Profit before income tax</b>	830,615	31,567	862,182
Income tax expense	(200,478)	(5,350)	(205,828)
<b>Profit for the year</b>	630,137	26,217	656,354
<b>Other comprehensive income for the year</b>	–	–	–
<b>Total comprehensive income for the year</b>	630,137	26,217	656,354
<b>Total comprehensive income attributable to:</b>			
– Owners of the Company	605,759	26,217	631,976
– Non-controlling interests	24,378	–	24,378
	630,137	26,217	656,354

Note:

No other significant adjustments were made by the Group during the period to the net assets and net profit or loss of any entities as a result of the business combination under common control to achieve consistency of accounting policies.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 5 Estimates

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

In preparing this condensed consolidated interim financial information, the significant judgements and estimations made by management were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

## 6 Financial risk management

### 6.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2021.

There have been no significant changes in the foreign exchange risk and liquidity risk or in any related risk management policies since 31 December 2021. For credit risk, please refer to note 6.2.

### 6.2 CREDIT RISK

#### (i) Risk management

The Group is exposed to credit risk in relation to its trade and other receivables, cash deposits in banks and other financial institutions, bank deposits with the maturity over three months and financial assets at FVPL. The carrying amounts of trade receivables, other receivables, cash and cash equivalents, bank deposits with the maturity over three months, restricted cash and financial assets at FVPL represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group expects that there is no significant credit risk associated with cash deposits in banks and other financial institutions since they are substantially deposited at state-owned banks, other medium or large-sized listed banks and security companies with high credit rating. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group has large number of customers and there was no concentration of credit risk. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 6 Financial risk management (Continued)

### 6.2 CREDIT RISK (CONTINUED)

#### (ii) Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit losses (the “ECL”) model:

- trade receivables (including notes receivables)
- other receivables (excluding amounts due from related parties)
- amounts due from related parties

While cash and cash equivalents, bank deposits with the maturity over three months and restricted cash are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor’s ability to meet its obligations
- actual or expected significant changes in the operating results of individual property owner or the debtor
- significant changes in the expected performance and behaviour of the debtor, including change in the payment status of the debtor in the Group and changes in the operating results of the debtor.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 6 Financial risk management (Continued)

### 6.2 CREDIT RISK (CONTINUED)

#### (ii) Impairment of financial assets (Continued)

For financial instruments whose impairment losses are measured using the ECL models, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognise their ECL, as follows:

- Stage 1: If the credit risk has not increased significantly since its initial recognition, the financial asset is included in stage 1, at which the Group only needs to measure ECL in the next 12 months.
- Stage 2: If the credit risk has increased significantly since its initial recognition but is not yet deemed to be credit-impaired, the financial instrument is moved to Stage 2, at which the Group needs to measure lifetime ECL.
- Stage 3: If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3, at which the Group needs to measure lifetime ECL.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

The Group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group considers historical loss rates for each category of receivables and adjusts for forward-looking macroeconomic data.

Trade receivables (including notes receivables)

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the ageing analysis.

For trade receivables from third parties, the ECL were estimated using a provision matrix based on the history ageing profile of these receivables over a period of 5 years before 30 June 2022 or 1 January 2022 respectively and the corresponding historical credit losses experience within this period.

For trade receivables from related parties (including notes receivables), the ECL were based on historical loss rates, including the credit rating of counter parties and the ageing profile of these receivables at each reporting period and probability of default of counter parties on an ongoing basis throughout each reporting period.

The historical loss rates were adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the trade receivables.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 6 Financial risk management (Continued)

### 6.2 CREDIT RISK (CONTINUED)

#### (ii) Impairment of financial assets (Continued)

Trade receivables (including notes receivables) (Continued)

On that basis, the loss allowance as at 30 June 2022 and 31 December 2021 was determined as follows for trade receivables (including notes receivables from related parties):

	Ageing analysis						Total RMB'000
	Within						
	1 year RMB'000	1-2 years RMB'000	2-3 years RMB'000	3-4 years RMB'000	4-5 years RMB'000	Over 5 years RMB'000	
<i>Third parties</i>							
<b>At 30 June 2022</b>							
Expected loss rate	4%	9%	13%	35%	41%	74%	7%
Gross carrying amount	1,310,032	159,983	75,327	32,110	16,097	6,778	1,600,327
Loss allowance	58,456	14,734	9,499	11,198	6,602	5,031	105,520

<b>At 31 December 2021</b>							
Expected loss rate	2%	6%	9%	16%	38%	68%	4%
Gross carrying amount	796,315	119,415	42,856	19,807	14,363	8,690	1,001,446
Loss allowance	13,731	6,703	3,956	3,184	5,518	5,892	38,984

<i>Related parties (including notes receivables)</i>							
<b>At 30 June 2022</b>							
Expected loss rate	52%	60%	63%	-	-	-	53%
Gross carrying amount	3,175,572	469,727	5,202	-	-	-	3,650,501
Loss allowance	1,635,696	281,256	3,280	-	-	-	1,920,232

<b>At 31 December 2021</b>							
Expected loss rate	5%	9%	17%	15%	-	-	5%
Gross carrying amount	2,539,988	489,868	5,602	199	-	-	3,035,657
Loss allowance	122,830	42,120	962	29	-	-	165,941

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 6 Financial risk management (Continued)

### 6.2 CREDIT RISK (CONTINUED)

#### (ii) Impairment of financial assets (Continued)

Other receivables (excluding amounts due from related parties)

Other receivables (excluding amounts due from related parties) mainly included payments on behalf of property owners, lease receivables, deposits and others. Management considered these receivables to be low credit risk, when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. In calculating the ECL rates, the Group considers historical loss rates for other receivables, and adjusts for forward looking macroeconomic data. On that basis, the loss allowance for other receivables (excluding amounts due from related parties) was limited to 12 months expected losses, which was RMB6.34 million as at 30 June 2022 (31 December 2021: RMB5.42 million).

Amounts due from related parties

Amounts due from related parties mainly included deposits paid for car park contracts and others. As at 30 June 2022, the Group has assessed that the expected loss rate for amounts due from fellow subsidiaries and related companies were moved from stage 2 to stage 3 given that the reasonable and supportive current and forward-looking information which indicate the financial assets was credit-impaired in credit risk since initial recognition.

The loss allowance as at 30 June 2022 and 31 December 2021 was determined as follows for amounts due from related parties:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Other receivables				
<b>At 30 June 2022</b>				
Expected loss rate	–	–	5%	5%
Gross carrying amount	–	–	754,622	754,622
<b>Loss allowance</b>	–	–	37,573	37,573
<b>At 31 December 2021</b>				
Expected loss rate	–	6%	–	6%
Gross carrying amount	–	381,871	–	381,871
<b>Loss allowance</b>	–	24,457	–	24,457



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 6 Financial risk management (Continued)

### 6.2 CREDIT RISK (CONTINUED)

#### (ii) Impairment of financial assets (Continued)

The loss allowances for trade and other receivables as at 30 June reconcile to the opening loss allowances as follows:

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Opening loss allowance at 1 January	234,804	35,657
Increase in loss allowance recognised in profit or loss during the period	1,834,858	20,384
Closing loss allowance at 30 June	2,069,662	56,041

Trade and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Impairment losses on trade and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

During the period, the following impairment losses or reversal were recognised in profit or loss in relation to impaired financial assets:

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Impairment losses		
Movement in loss allowance for trade and other receivables	1,834,858	20,384
Reversal of previous written off	(1,492)	(1,916)
Net impairment losses on financial assets	1,833,366	18,468

Of the above impairment losses, RMB1,820.83 million (for the six months ended 30 June 2021: RMB18.51 million) relate to receivables arising from contracts with customers.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 6 Financial risk management (Continued)

### 6.3 FAIR VALUE ESTIMATION

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

#### (i) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2022 and 31 December 2021 on a recurring basis:

Recurring fair value measurements At 30 June 2022		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
	Note				
<b>Financial assets</b>					
Financial assets at FVPL	21	–	–	536,672	536,672

Recurring fair value measurements At 31 December 2021		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
	Note				
<b>Financial assets</b>					
Financial assets at FVPL	21	–	–	856,496	856,496

During the six months ended 30 June 2022, there were no transfers between different levels for recurring fair value measurements during the period.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 6 Financial risk management (Continued)

### 6.3 FAIR VALUE ESTIMATION (CONTINUED)

#### (ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments.
- market approach, equity allocation model and option pricing method with observable and unobservable inputs, including risk-free rate, expected volatility and etc;
- discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate.

As at 30 June 2022 and 31 December 2021, the Group's level 3 instruments included interest in an unlisted company and wealth management products.

#### (iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the period ended 30 June 2022.

	Financial assets at FVPL		
	Wealth management products RMB'000	Interest in an unlisted company RMB'000	Total RMB'000
Opening balance 1 January 2022	378,295	478,201	856,496
Addition	888,115	–	888,115
Disposal	(1,214,337)	–	(1,214,337)
Gains recognised in other gains – net*	6,398	–	6,398
<b>Closing balance 30 June 2022</b>	<b>58,471</b>	<b>478,201</b>	<b>536,672</b>
*includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period	520	–	520

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 6 Financial risk management (Continued)

### 6.3 FAIR VALUE ESTIMATION (CONTINUED)

#### (iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements (see (ii) above for the valuation techniques adopted):

Description	Fair value at		Valuation method	Significant unobservable inputs	Range of significant unobservable inputs	
	30 June 2022 RMB'000	31 December 2021 RMB'000			2022	2021
Interest in an unlisted company	478,201	478,201	Market approach, equity allocation model and option pricing method	Expected volatility rate	54.69%	50.06%
Wealth management products	58,471	378,295	Discounted cash flow model	Discounted rate	3.70%	3.80%

Relationships of unobservable inputs to fair value are as follows:

- The higher rate of discount rate, the lower fair value;
- The higher rate of expected volatility, the lower fair value.

#### (v) Valuation processes

The management performs the valuation of financial instruments for financial reporting purposes. Unobservable inputs including discount rate and expected volatility rate are assessed by the independent valuers based on current market assessments of the time value of money and the risk specific to the asset being valued.

#### (vi) Fair values of other financial instruments (unrecognised)

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 7 Segment information

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

During the six months ended 30 June 2022, the Group is principally engaged in the provision of property management services, value-added services to non-property owners, community living services and commercial operational services in the PRC. Management reviews the operating results of the business by geographic location but these operating segments are aggregated into a single operating segment as the nature of services, the type of customers for services, the methods used to provide their services and the nature of regulatory environment is same in different regions.

The principal operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group’s revenue was derived in the PRC during the six months ended 30 June 2022.

As at 30 June 2022 and 31 December 2021, nearly 100% of the non-current assets of the Group were located in the PRC.

## 8 Revenue of services

Revenue mainly comprises of proceeds from property management services, value-added services to non-property owners, community living services and commercial operational services. An analysis of the Group’s revenue by category for the six months ended 30 June 2022 and 2021 was as follows:

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000 (Restated)
<b>Recognised over time</b>		
– Property management services	2,704,047	2,045,801
– Value-added services to non-property owners	843,225	892,118
– Community living services	120,736	104,856
– Commercial operational services	109,890	47,091
	<b>3,777,898</b>	<b>3,089,866</b>
<b>Recognised at a point in time</b>		
– Value-added services to non-property owners	37,380	192,615
– Community living services	173,273	83,858
	<b>210,653</b>	<b>276,473</b>
	<b>3,988,551</b>	<b>3,366,339</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 8 Revenue of services (Continued)

For the six months ended 30 June 2022, revenue from Sunac China and its subsidiaries, associates and joint ventures contributed approximately 28.97% of the Group's total revenue (for the six months ended 30 June 2021: approximately 40.15% (restated)). Other than the entities controlled by Sunac China and associates and joint ventures of Sunac China, the Group had a large number of customers and none of whom contributed 10% or more of the Group's revenue for the six months ended 30 June 2022 and 2021.

### (A) CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract liabilities:

	30 June 2022 RMB'000	31 December 2021 RMB'000
Contract liabilities		
– Third parties	1,276,760	1,351,528
– Related parties	36,275	92,719
	<b>1,313,035</b>	<b>1,444,247</b>

## 9 Expenses by nature

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

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000 (Restated)
Net impairment losses on financial assets	1,833,366	18,468
Employee benefit expenses	1,738,201	1,373,559
Security, maintenance, cleaning and greening costs	1,029,619	815,452
Utilities	123,953	74,611
Depreciation and amortisation	85,956	56,800
Consumable materials cost	51,958	40,956
Travelling and entertainment expenses	47,219	44,470
Sub-contract expenses for property agency services	43,561	101,336
Cost of goods sold	36,556	5,351
Office and communication expenses	36,276	44,460
Others	93,751	83,222
	<b>5,120,416</b>	<b>2,658,685</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 10 Other income and expenses

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000 (Restated)
Government grants (a)	29,076	20,541
Interest income	13,722	7,080
Others – net	–	42
	<b>42,798</b>	<b>27,663</b>

- (a) Government grants mainly represented financial support funds from government and refund of the value-added-tax (“VAT”) under the “immediate refund of VAT levied” policy. There are no unfulfilled conditions or other contingencies attached to these grants.

## 11 Other gains – net

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Fair value gains from financial assets at FVPL	6,398	35,320
Exchange gains/(losses)	4,585	(7,787)
Gains on disposal of right-of-use assets in the sublease	2,861	–
Others	(2,831)	(810)
	<b>11,013</b>	<b>26,723</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 12 Finance income – net

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Finance cost		
Interest expense for borrowings	–	(102)
Interest expenses for lease liabilities	(2,872)	(1,927)
	(2,872)	(2,029)
Finance income		
Interest income on bank deposits	45,443	95,677
Interest income for lease receivables	1,844	–
	47,287	95,677
	44,415	93,648



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 13 Income tax (credits)/expense

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000 (Restated)
Current income tax	180,546	188,910
Deferred income tax	(462,825)	16,918
	(282,279)	205,828

### (I) CAYMAN ISLAND INCOME TAX

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

### (II) HONG KONG PROFIT TAX AND BVI INCOME TAX

No provision for Hong Kong profits tax was made as the Group did not derive any income subject to Hong Kong profits tax during the period ended 30 June 2022.

Pursuant to the applicable rules and regulations of the British Virgin Islands ("BVI"), the BVI subsidiaries of the Group are not subject to any income tax in those jurisdictions.

### (III) PRC CORPORATE INCOME TAX

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the years/periods, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate was 25% for the half-years of 2022 and 2021.

According to relevant PRC tax laws and regulations, certain subsidiaries of the Group which are registering and operating in western region of Mainland China are entitled for a preferential corporate income tax rate of 15% for the six months ended 30 June 2022.

In accordance with the PRC Corporate Income Tax Law, a 10% withholding income tax is levied on dividends declared to foreign investors from the enterprises with foreign investments established in the PRC. The Group is therefore liable to withholding taxes on dividends estimated distributable by those subsidiaries established in the PRC in respect of their earnings generated from 1 January 2008.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 14 (Loss)/earnings per share

The basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue or deemed to be in issue during each of the six months ended 30 June 2022 and 2021, excluding shares repurchased for deregistration (note 23).

The Company did not have any potential ordinary shares outstanding to be issued during the six months ended 30 June 2022 and 2021. Diluted (loss)/earnings per share is equal to basic (loss)/earnings per share.

	Six months ended 30 June	
	2022	2021 (Restated)
(Loss)/profit attributable to the owners of the Company (RMB'000)	<b>(750,795)</b>	631,976
Weighted average number of ordinary shares in issue	<b>3,073,154,667</b>	3,103,500,000
Basic (loss)/earnings per share for (loss)/profit attributable to the owners of the Company during the period (expressed in RMB per share)	<b>(0.24)</b>	0.20

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 15 Property, plant and equipment

	Machinery and electronic equipment RMB'000	Vehicles RMB'000	Furniture and office equipment RMB'000	Leasehold Improvements RMB'000	Buildings RMB'000	Assets under construction RMB'000	Total RMB'000
<b>As at 31 December 2021</b>							
Cost	121,084	12,732	17,440	18,618	2,078	13,194	185,146
Accumulated depreciation	(38,976)	(6,643)	(5,131)	(11,977)	(146)	-	(62,873)
<b>Net book amount</b>	<b>82,108</b>	<b>6,089</b>	<b>12,309</b>	<b>6,641</b>	<b>1,932</b>	<b>13,194</b>	<b>122,273</b>
<b>Half-year ended 30 June 2022</b>							
Opening net book amount	82,108	6,089	12,309	6,641	1,932	13,194	122,273
Additions	10,720	3,438	1,742	899	-	1,459	18,258
Transfer from assets under construction	6,606	-	-	-	-	(6,606)	-
Disposals	(2,323)	(70)	(280)	-	-	-	(2,673)
Depreciation charges	(12,674)	(1,655)	(1,420)	(1,684)	(76)	-	(17,509)
<b>Closing net book amount</b>	<b>84,437</b>	<b>7,802</b>	<b>12,351</b>	<b>5,856</b>	<b>1,856</b>	<b>8,047</b>	<b>120,349</b>
<b>As at 30 June 2022</b>							
Cost	134,366	15,018	18,178	19,517	2,078	8,047	197,204
Accumulated depreciation	(49,929)	(7,216)	(5,827)	(13,661)	(222)	-	(76,855)
<b>Net book amount</b>	<b>84,437</b>	<b>7,802</b>	<b>12,351</b>	<b>5,856</b>	<b>1,856</b>	<b>8,047</b>	<b>120,349</b>

For the six months ended 30 June 2022, depreciation expense of RMB9.9 million and RMB7.6 million has been charged to "cost of sales" and "administrative expenses" respectively.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 16 Leases

	Properties RMB'000	Vehicles and others RMB'000	Total RMB'000
<b>Right-of-use assets</b>			
As at 31 December 2021	81,394	2,437	83,831
Additions	2,755	2,261	5,016
Depreciation charges	(16,275)	(1,356)	(17,631)
Disposals	(6,140)	–	(6,140)
<b>As at 30 June 2022</b>	<b>61,734</b>	<b>3,342</b>	<b>65,076</b>
		<b>30 June 2022 RMB'000</b>	<b>31 December 2021 RMB'000</b>
<b>Lease liabilities</b>			
Current		<b>32,062</b>	32,245
Non-current		<b>79,492</b>	88,692
		<b>111,554</b>	120,937

For the six months ended 30 June 2022, depreciation expense of RMB5.8 million and RMB11.8 million has been charged to “cost of sales” and “administrative expenses” respectively.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 17 Intangible assets

	Goodwill RMB'000 (note (a))	Customer relationships RMB'000	Software and others RMB'000	Total RMB'000
<b>As at 31 December 2021</b>				
Cost	1,687,536	410,374	134,747	2,232,657
Accumulated amortisation	–	(86,540)	(35,590)	(122,130)
<b>Net book amount</b>	<b>1,687,536</b>	<b>323,834</b>	<b>99,157</b>	<b>2,110,527</b>
<b>Half-year ended 30 June 2022</b>				
Opening net book amount	1,687,536	323,834	99,157	2,110,527
Additions	–	–	33,844	33,844
Amortisation	–	(28,100)	(22,716)	(50,816)
<b>Closing net book amount</b>	<b>1,687,536</b>	<b>295,734</b>	<b>110,285</b>	<b>2,093,555</b>
<b>As at 30 June 2022</b>				
Cost	1,687,536	410,374	168,591	2,266,501
Accumulated amortisation	–	(114,640)	(58,306)	(172,946)
<b>Net book amount</b>	<b>1,687,536</b>	<b>295,734</b>	<b>110,285</b>	<b>2,093,555</b>

For the six months ended 30 June 2022, amortisation expense of RMB42.0 million and RMB8.8 million has been charged to “cost of sales” and “administrative expenses” respectively.

### (a) GOODWILL

Goodwill was generated from business combination and allocated to each property management project or a group of projects, which is expected to benefit from the synergies of the combination. Each project is identified as a cash generated unit (“CGU”).

Goodwill of the Group was allocated to the following CGUs:

	30 June 2022 RMB'000	31 December 2021 RMB'000
NCPM	1,020,216	1,020,216
Zhangtai Services Group Co., Ltd. (the “Zhangtai Services”)	594,613	594,613
Others	72,707	72,707

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 17 Intangible assets (Continued)

### (a) GOODWILL (CONTINUED)

Management reviews the business performance and monitors the goodwill on individual CGU or group of CGUs basis as at 30 June 2022. The recoverable amounts of these CGUs are determined based on value-in-use calculations and the following table sets forth the key assumption, on which management has based its cash flow projections to undertake impairment testing of goodwill:

30 June 2022	NCPM	Zhangtai Services
Annual revenue growth rate	8.0%~18.0%	5.3%~8.8%
Profit margin	6.8%~8.2%	22.9%~23.3%
Terminal growth rate	2.5%	2.5%
Pre-tax discount rate	19.2%	18.0%

The directors of the Company have undertaken sensitivity analysis based on the reasonably possible changes for above key assumptions by taking into accounts the volatility of the business and industry in which the goodwill allocated projects are engaged. The following table set forth all possible changes to the key assumptions of the impairment test and the changes taken in isolation in the value-in-use calculation that would remove the remaining headroom as of 30 June 2022:

	NCPM	Zhangtai Services
Annual revenue growth rate	-3.56% (Revenue 2022 to 2026 annual growth rates decrease to 7.71% – 17.36%)	-42.92% (Revenue 2022 to 2026 annual growth rates decrease to 3.03% – 5.02%)
Profit margin	-12.36% (net margin 2022 to 2026 rates decrease to 5.96% – 7.19%)	-30.21% (net margin 2022 to 2026 rates decrease to 15.98% – 16.26%)
Pre-tax discount rate	+9.69% (increase to 21.09%)	+30.32% (increase to 23.50%)

The directors and management have considered and assessed reasonably possible changes for the key assumptions and have not identified any instances that would have resulted in a significant impairment against the goodwill of the Group.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 18 Investments accounted for using the equity method

	30 June 2022 RMB'000	31 December 2021 RMB'000
Joint ventures (a)	49,500	45,050
Associates (b)	33,980	32,551
	<b>83,480</b>	77,601

### (a) INVESTMENTS IN JOINT VENTURES

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000 (Restated)
At 1 January	45,050	32,680
Capital injection to joint ventures	1,470	5,920
Dividends declared	–	(1,290)
Share of profits of joint ventures	2,980	2,582
At 30 June	<b>49,500</b>	39,892

### (b) INVESTMENTS IN ASSOCIATES

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
At 1 January	32,551	25,582
Capital injection to an associate	–	300
Share of profits of associates	1,429	3,912
At 30 June	<b>33,980</b>	29,794

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 19 Trade and other receivables

	<b>30 June 2022 RMB'000</b>	31 December 2021 RMB'000
Non-current		
Deposits for property management services	<b>2,000</b>	2,000
Other receivables (ii)	<b>222,456</b>	214,700
	<b>224,456</b>	216,700
Less: loss allowance (iii)	<b>(1,887)</b>	(11,813)
Non-current total	<b>222,569</b>	204,887
Current		
Trade receivables (i)	<b>5,250,828</b>	4,037,103
Other receivables (ii)	<b>847,576</b>	547,304
Interest receivables	<b>15,997</b>	–
	<b>6,114,401</b>	4,584,407
Less: loss allowance	<b>(2,067,775)</b>	(222,991)
Current total	<b>4,046,626</b>	4,361,416

As at 30 June 2022 and 31 December 2021, the carrying amounts of the Group's trade and other receivables were all denominated in RMB.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 19 Trade and other receivables (Continued)

- (i) Trade receivables mainly arise from rendering of property management services managed under lump sum basis and value-added services. Revenue from property management services, value-added services to non-property owners, community living services and commercial operational services are received in accordance with the term of the relevant service agreements and are due for payment upon rendering of service. As at 30 June 2022, the Group's trade receivables from related parties amounted to approximately RMB3,650.5 million (31 December 2021: approximately RMB3,035.7 million) and trade receivables from the third parties amounted to approximately RMB1,600.3 million (31 December 2021: approximately RMB1,001.4 million), respectively. The ageing analysis of trade receivables based on dates of rendering of services is as follows:

	<b>30 June 2022 RMB'000</b>	31 December 2021 RMB'000
Within 1 year	<b>4,485,604</b>	3,336,303
1 to 2 years	<b>629,710</b>	609,283
2 to 3 years	<b>80,529</b>	48,458
3 to 4 years	<b>32,110</b>	20,006
4 to 5 years	<b>16,097</b>	14,363
Over 5 years	<b>6,778</b>	8,690
	<b>5,250,828</b>	4,037,103

- (ii) Other receivables mainly include refundable deposit paid to related parties, the payments on behalf of property owners in respect of utilities costs and the lease receivables in the sublease.
- (iii) Impairment and risk exposure

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9. As at 30 June 2022, out of total provision of approximately RMB2,068 million (31 December 2021: RMB223 million) for trade and other receivables in current portion, a provision of approximately RMB2,026 million (31 December 2021: approximately RMB205 million) was made against the gross amounts of trade receivables (including notes receivables). Note 6.2 provides for details about the calculation of the allowance.

Other receivables from third parties are all considered to have low credit risk and the loss allowance recognised during the year was therefore limited to 12 months expected losses.

Other receivables from related parties including refundable deposits for car park agency services are considered to have been credit impaired in credit risk since initial recognition and loss allowance recognised during the period was applied to use lifetime ECL at stage 3. As at 30 June 2022, a provision of RMB37.6 million (31 December 2021: RMB24.5 million) was made against the gross amounts of other receivables. Note 6.2 provides for details about the calculation of the allowance.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 20 Cash and cash equivalents

Cash on hand and demand deposit:

	<b>30 June 2022 RMB'000</b>	31 December 2021 RMB'000
RMB	3,838,894	5,232,087
HKD	77,204	72,148
USD	5	4
	<b>3,916,103</b>	5,304,239

Bank deposits with the maturity over three months:

	<b>30 June 2022 RMB'000</b>	31 December 2021 RMB'000
RMB	<b>80,000</b>	60,000

## 21 Financial assets at fair value through profit or loss

	<b>30 June 2022 RMB'000</b>	31 December 2021 RMB'000
Non-current – Investment in an unlisted entity	<b>478,201</b>	478,201
Current – Wealth management products (i)	<b>58,471</b>	378,295

- (i) As at 30 June 2022, wealth management products represented the investment in certain non-principal guaranteed RMB denominated wealth management products, which had an expected return rate from 3.3% to 3.8% per annum.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 22 Share capital

	Number of ordinary shares	Share capital	
		HK\$	Equivalent to RMB'000
<b>Authorised:</b>			
At 31 December 2021 and 30 June 2022, HK\$0.01 per share	10,000,000,000	100,000,000	
<b>Issued and fully paid:</b>			
As at 31 December 2021	3,084,736,000	30,847,360	25,881
Deregistration of repurchased shares (i)	(27,892,000)	(278,920)	(236)
<b>As at 30 June 2022</b>	<b>3,056,844,000</b>	<b>30,568,440</b>	<b>25,645</b>

- (i) During the six months ended 30 June 2022, the Company repurchased 22,892,000 shares at the cost of HKD87.53 million (equivalent to approximately RMB74.86 million) and deregistered 27,892,000 shares. The excess amount over the par value of HKD130.20 million (equivalent to RMB110.06 million) was debited to share premium (note 23).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 23 Reserves and treasury shares

	Treasury shares RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Other reserves RMB'000	Total RMB'000
<b>Six months ended 30 June 2022</b>					
<b>Balance at 1 January 2022</b>	(35,435)	8,378,620	157,007	(1,923,979)	6,576,213
Repurchase of shares	(74,858)	–	–	–	(74,858)
Deregistration of repurchased shares (note 22(ii))	110,293	(110,057)	–	–	236
Share awards scheme-value of employee services	–	–	–	24,622	24,622
Dividends relating to 2021	–	(381,643)	–	–	(381,643)
<b>Balance at 30 June 2022</b>	–	7,886,920	157,007	(1,899,357)	6,144,570
<b>Six months ended 30 June 2021</b>					
<b>Balance at 1 January 2021</b>	–	8,792,699	98,400	19,841	8,910,940
Acquisition of subsidiaries	–	–	–	(182,500)	(182,500)
Transaction with non-controlling interests	–	–	–	(9)	(9)
Capital injection from a fellow subsidiary of Sunac China	–	–	–	5,000	5,000
Dividends relating to 2020	–	(180,003)	–	–	(180,003)
<b>Balance at 30 June 2021</b>	–	8,612,696	98,400	(157,668)	8,553,428

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 24 Trade and other payables

	<b>30 June 2022 RMB'000</b>	31 December 2021 RMB'000
Trade payables (i)	<b>786,725</b>	712,923
Payroll and welfare payables	<b>419,458</b>	569,654
Deposits payables	<b>388,868</b>	349,842
Temporary receipt on behalf (ii)	<b>387,437</b>	388,347
Consideration payable arising from non-controlling shareholders' put option	<b>182,500</b>	182,500
Other tax payable	<b>135,771</b>	143,318
Amounts due to related parties (iii)	<b>44,155</b>	65,829
Consideration payables for acquisition transactions	<b>5,000</b>	186,624
Accruals and others	<b>183,618</b>	145,765
	<b>2,533,532</b>	2,744,802

As at 30 June 2022 and 31 December 2021, trade and other payables were denominated in RMB and the carrying amounts approximated their fair values.

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

	<b>30 June 2022 RMB'000</b>	31 December 2021 RMB'000
Within 1 years	<b>725,436</b>	690,816
1 to 2 years	<b>51,014</b>	13,929
2 to 3 years	<b>6,098</b>	6,136
Over 3 years	<b>4,177</b>	2,042
	<b>786,725</b>	712,923

(ii) Temporary receipt on behalf mainly represented the proceeds received from property owners in respect of utilities costs and miscellaneous income on common area resources payable to property owners.

(iii) The amounts due to related parties mainly represented the deposits payable which are unsecured and interest free.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 25 Deferred income tax

### (A) DEFERRED TAX ASSETS

	30 June 2022 RMB'000	31 December 2021 RMB'000
Deferred income tax assets (hereafter "DTA"):		
– Impairment provision	483,749	59,047
– Tax losses	16,905	9,214
– Accrued expense and others	20,534	19,219
<b>Net DTA</b>	<b>521,188</b>	<b>87,480</b>

### (B) DEFERRED TAX LIABILITIES

	30 June 2022 RMB'000	31 December 2021 RMB'000
Deferred income tax liabilities (hereafter "DTL"):		
– Fair value surplus at acquisitions	70,569	76,212
– Dividend tax for PRC entities' distributable profits	34,790	58,913
– Fair value change	21,931	22,474
– Others	4,669	3,477
<b>Net DTL</b>	<b>131,959</b>	<b>161,076</b>

## 26 Dividends

No interim dividend for the six months ended 30 June 2022 was proposed by the board of directors of the Company (for the six months ended 30 June 2021: Nil).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 27 Related party transactions

### (A) TRANSACTIONS WITH RELATED PARTIES

In addition to the related party information disclosed elsewhere in the condensed consolidated interim financial information, the Group had the following significant transactions entered into the ordinary course of business between the Group and the related parties:

#### (i) Rendering of services

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000 (Restated)
Revenue from provision of properties management services and value-added services		
– Fellow subsidiaries	772,080	927,978
– Associates and joint ventures of Sunac China	383,420	423,690
	<b>1,155,500</b>	1,351,668

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

## 27 Related party transactions (Continued)

### (B) BALANCES WITH RELATED PARTIES BEFORE PROVISION

	30 June 2022 RMB'000	31 December 2021 RMB'000
Trade receivables		
– Fellow subsidiaries	2,836,670	2,351,602
– Associates and joint ventures of Sunac China	813,831	684,054
	<b>3,650,501</b>	<b>3,035,656</b>
Other receivables		
– Fellow subsidiaries	702,341	322,500
– Associates and joint ventures of Sunac China	52,281	59,371
	<b>754,622</b>	<b>381,871</b>
Trade and other receivables	<b>4,405,123</b>	<b>3,417,527</b>
Trade and other payables		
– Fellow subsidiaries	33,569	54,350
– Associates and joint ventures of Sunac China	11,494	13,378
	<b>45,063</b>	<b>67,728</b>
Contract liabilities		
– Fellow subsidiaries	22,815	55,526
– Associates and joint ventures of Sunac China	13,460	37,193
	<b>36,275</b>	<b>92,719</b>

### (C) KEY MANAGEMENT COMPENSATION

Compensations for key management are set out below.

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Wages, salaries and discretionary bonuses	8,999	4,457
Social insurance expenses, housing benefits and other employee benefits	227	267
Share awards	9,934	–
	<b>19,160</b>	<b>4,724</b>





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