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## **New Hope Service Holdings Limited**

### **新希望服務控股有限公司**

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

**(Stock Code: 3658)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023**

### **INTERIM RESULTS HIGHLIGHTS**

For the six months ended 30 June 2023, the results of the Group were as follows:

1. The revenue of the Group amounted to RMB599.8 million, representing an increase of 17.1% as compared to revenue of RMB512.1 million for the corresponding period of 2022.
2. The revenue of the Group was distributed in different businesses as follows:
  - a) the revenue from property management services amounted to RMB317.7 million, accounting for 53.0% of the total revenue, representing an increase of 36.2% as compared to that of RMB233.2 million for the corresponding period of 2022;
  - b) the revenue from lifestyle services amounted to RMB135.2 million, accounting for 22.5% of the total revenue, representing an increase of 17.3% as compared to that of RMB115.3 million for the corresponding period of 2022;
  - c) the revenue from commercial operational services amounted to RMB72.5 million, accounting for 12.1% of the total revenue, representing an increase of 26.7% as compared to that of RMB57.2 million for the corresponding period of 2022;
  - d) the revenue from value-added services to non-property owners amounted to RMB74.3 million, accounting for 12.4% of the total revenue, representing a decrease of 30.2% as compared to that of RMB106.5 million for the corresponding period of 2022.

3. The gross profit was RMB226.2 million, representing an increase of 8.2% as compared to that of RMB209.1 million for the corresponding period of 2022; the gross profit margin was 37.7%.
4. The profit attributable to the equity shareholders of the Company for the Reporting Period was RMB109.5 million, representing an increase of 9.6% as compared to that of RMB99.9 million for the corresponding period of 2022.
5. For the six months ended 30 June 2023, the net cashflow from operating activities of the Group was RMB50.6 million, as compared to the net cashflow from operating activities of approximately RMB16.4 million for the corresponding period of 2022.
6. For the six months ended 30 June 2023, the Group had 205 projects under management with GFA under management of approximately 29.1 million sq.m., representing an increase of approximately 31.6% as compared to the corresponding period of 2022. The Group had 245 contracted projects with contracted areas of approximately 37.9 million sq.m., representing an increase of approximately 22.5% as compared to the corresponding period of 2022.
7. The Board recommends the payment of interim dividend of HK\$0.073 per share for the six months ended 30 June 2023.

## INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of New Hope Service Holdings Limited (the “**Company**” or “**New Hope Service**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, “**we**”, “**our**” or the “**Group**”) for the six months ended 30 June 2023 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2022, as follows:

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

for the six months ended 30 June 2023 – unaudited

(Expressed in Renminbi (“**RMB**”))

		Six months ended 30 June	
		2023	2022
	Note	RMB'000	RMB'000
Revenue	4	599,785	512,106
Cost of sales		<u>(373,568)</u>	<u>(302,964)</u>
<b>Gross profit</b>		<b>226,217</b>	209,142
Other net expense	5	(1,345)	(11,550)
Selling expenses		(389)	(292)
Administrative expenses		(81,501)	(81,000)
Expected credit loss on financial assets		<u>(7,755)</u>	<u>(4,157)</u>
<b>Profit from operations</b>		<b>135,227</b>	112,143
Finance expenses		(2,022)	(1,788)
Finance income		<u>8,721</u>	<u>11,842</u>
Finance income, net	6(a)	<u>6,699</u>	<u>10,054</u>
Share of profits less losses of associates		<u>283</u>	<u>(184)</u>
<b>Profit before taxation</b>	6	<b>142,209</b>	122,013
Income tax	7	<u>(24,194)</u>	<u>(17,705)</u>
<b>Profit for the period</b>		<b>118,015</b>	104,308

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

*for the six months ended 30 June 2023 – unaudited*

*(Expressed in Renminbi)*

		<b>Six months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
	<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>109,499</b>	99,886
Non-controlling interests		<b>8,516</b>	4,422
		<hr/>	<hr/>
<b>Profit for the period</b>		<b>118,015</b>	104,308
		<hr/> <hr/>	<hr/> <hr/>
<b>Earnings per share</b>			
Basic and diluted ( <i>RMB</i> )	<i>8</i>	<b>0.13</b>	0.12
		<hr/> <hr/>	<hr/> <hr/>
<b>Profit for the period</b>		<b>118,015</b>	104,308
		<hr/>	<hr/>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>109,499</b>	99,886
Non-controlling interests		<b>8,516</b>	4,422
		<hr/>	<hr/>
<b>Total comprehensive income for the period</b>		<b>118,015</b>	104,308
		<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2023 — unaudited

(Expressed in RMB)

	Note	30 June 2023 RMB'000	31 December 2022 RMB'000
<b>Non-current assets</b>			
Investment properties		105,672	104,609
Goodwill		133,415	133,415
Property, plant and equipment		13,508	13,962
Intangible assets		128,995	115,330
Interests in associates		4,939	2,148
Financial assets measured at fair value through other comprehensive income (“FVOCI”)		30	30
Financial assets measured at fair value through profit or loss (“FVPL”)		10,000	—
Deferred tax assets		7,085	6,742
		<u>403,644</u>	<u>376,236</u>
<b>Current assets</b>			
Inventories		310	363
Prepayments, deposits and other receivables		78,163	78,827
Trade receivables	9	401,859	324,759
Cash and cash equivalents		1,043,779	1,039,740
		<u>1,524,111</u>	<u>1,443,689</u>
<b>Current liabilities</b>			
Trade payables	10	187,284	161,864
Other payables and accruals		289,485	223,675
Contract liabilities		177,169	158,298
Amounts due to related companies		4,135	4,135
Current taxation		6,810	16,124
Lease liabilities		20,353	4,903
		<u>685,236</u>	<u>568,999</u>
<b>Net current assets</b>		<u>838,875</u>	<u>874,690</u>
<b>Total assets less current liabilities</b>		<u>1,242,519</u>	<u>1,250,926</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***at 30 June 2023 — unaudited**(Expressed in RMB)*

		<b>30 June 2023</b>	31 December 2022
	<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Non-current liabilities</b>			
Lease liabilities		<b>45,649</b>	60,807
Deferred tax liabilities		<b>14,043</b>	16,286
		<u><b>59,692</b></u>	<u>77,093</u>
<b>NET ASSETS</b>		<u><b>1,182,827</b></u>	<u>1,173,833</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>11(b)</i>	<b>6,741</b>	6,741
Reserves		<b>1,103,210</b>	1,091,406
<b>Total equity attributable to equity shareholders of the Company</b>		<b>1,109,951</b>	1,098,147
<b>Non-controlling interests</b>		<b>72,876</b>	75,686
<b>TOTAL EQUITY</b>		<u><b>1,182,827</b></u>	<u>1,173,833</u>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 1 CORPORATION INFORMATION

New Hope Service Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 5 November 2020 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company and its subsidiaries (together, referred to as the “**Group**”) are principally engaged in property management services, lifestyle services, commercial operational services and value-added services to non-property owners in the People’s Republic of China (the “**PRC**”).

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

### 2 BASIS OF PREPARATION

The interim results set out in this announcement does not constitute the interim financial report of the Company for the six months ended 30 June 2023 but is extracted from that interim financial report which has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“**IAS**”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (“**IASB**”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 3.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

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

The financial information relating to the financial year ended 31 December 2022 that is included in the interim financial report as comparative information does not constitute the Company’s annual consolidated financial statements for that financial year but is derived from those financial statements.

### 3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following new and amended IFRSs issued by the IASB to this interim financial report for the current accounting period:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform — Pillar Two model rules*

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

### 4 REVENUE AND SEGMENT REPORTING

#### (a) Revenue

The principal activities of the Group are property management services, lifestyle services, commercial operational services and value-added services to non-property owners.

#### (i) Disaggregation of revenue

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
<b>Type of Revenue</b>		
Revenue from contracts with customers within the scope of IFRS 15		
— Over time	487,566	422,039
— A point in time	104,184	79,341
<b>Revenue from other sources</b>		
— Rental income from investment properties	8,035	10,726
Total	<u>599,785</u>	<u>512,106</u>
<b>Type of services</b>		
— Property management services	317,746	233,201
— Lifestyle services	135,167	115,280
— Commercial operational services	72,526	57,155
— Value-added services to non-property owners	74,346	106,470
Total	<u>599,785</u>	<u>512,106</u>



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

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

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

**(b) Segment reporting**

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

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

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

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

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

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

	Property management services <i>RMB'000</i>	Lifestyle services <i>RMB'000</i>	Commercial operational services <i>RMB'000</i>	Value-added services to non-property owners <i>RMB'000</i>	Total <i>RMB'000</i>
<b>For the six months ended</b>					
<b>30 June 2023</b>					
Segment revenue	<u>317,746</u>	<u>135,167</u>	<u>72,526</u>	<u>74,346</u>	<u>599,785</u>
Segment gross profits	<u>91,586</u>	<u>55,923</u>	<u>49,192</u>	<u>29,516</u>	<u>226,217</u>
Unallocated corporate expenses					<u>(84,008)</u>
Profit before taxation					<u><u>142,209</u></u>
	Property management services <i>RMB'000</i>	Lifestyle services <i>RMB'000</i>	Commercial operational services <i>RMB'000</i>	Value-added services to non-property owners <i>RMB'000</i>	Total <i>RMB'000</i>
<b>For the six months ended</b>					
<b>30 June 2022</b>					
Segment revenue	<u>233,201</u>	<u>115,280</u>	<u>57,155</u>	<u>106,470</u>	<u>512,106</u>
Segment gross profits	<u>76,169</u>	<u>50,803</u>	<u>39,304</u>	<u>42,866</u>	<u>209,142</u>
Unallocated corporate expenses					<u>(87,129)</u>
Profit before taxation					<u><u>122,013</u></u>

## 5 OTHER NET EXPENSE

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Losses on fair value changes of investment properties	(9,225)	(16,063)
Government grants ( <i>Note</i> )	5,189	1,173
Value-added tax additional deduction	943	1,178
Others	1,748	2,162
	<u>          </u>	<u>          </u>
Total	<u><u>(1,345)</u></u>	<u><u>(11,550)</u></u>

*Note:* The government grants represent subsidies from various PRC authorities. There are no unfulfilled conditions or future obligations attached to these subsidies.

## 6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after (crediting)/charging:

### (a) Finance income, net

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Interest income	(8,721)	(11,842)
Interest on lease liabilities	1,790	1,698
Others	232	90
	<u>          </u>	<u>          </u>
Total	<u><u>(6,699)</u></u>	<u><u>(10,054)</u></u>

### (b) Staff costs

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Salaries, wages and other benefits	149,535	161,557
Contributions to defined contribution retirement plan	13,437	13,995
	<u>          </u>	<u>          </u>
Total	<u><u>162,972</u></u>	<u><u>175,552</u></u>

(c) Other items

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Amortisation of intangible assets	7,156	3,871
Depreciation charge of property, plant and equipment	3,905	3,392
Expected credit losses on financial assets		
— Trade receivables (Note 9)	7,213	3,901
— Prepayments, deposits and other receivables	542	256
Expenses relating to short-term leases	1,929	1,936

7 INCOME TAX

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
<b>Current tax — PRC Corporate Income Tax</b>		
Provision for the period	26,780	21,811
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(5,323)	(4,106)
Withholding tax in connection with the retained profits to be distributed by a subsidiary of the Group	2,737	—
	<u>24,194</u>	<u>17,705</u>

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

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

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

Pursuant to Caishui [2011] No. 58 Notice on Issues Concerning Relevant Tax Policies to In-depth Implementation of the Western Development Strategy (關於深入實施西部大開發戰略有關稅收政策問題的通知) and Announcement [2012] No. 12 Public Announcement on Corporate Income Tax Issues Relating to In-depth Implementation of the Western Development Strategy (關於深入實施西部大開發戰略有關企業所得稅問題的公告) and Caishui [2020] No. 23 Announcement on Continuation of Corporate Income Tax Policies for the Western Development Strategy (關於延續西部大開發企業所得稅政策的公告), certain subsidiaries of the Group, being enterprises engaged in state encouraged industries established in the specified western regions, are taxed at a preferential income tax rate of 15% till 31 December 2030.

Certain subsidiaries have been approved as Small Low-profit Enterprises (“SLE”). The entitled subsidiaries are subject to a preferential income tax rate of 2.5% or 5% in certain years.

## 8 EARNINGS PER SHARE

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Profits</b>		
Profit attributable to equity shareholders of the Company	<u><b>109,499</b></u>	<u>99,886</u>

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>'000</i></b>	<b><i>'000</i></b>
<b>Number of shares</b>		
Weighted average number of ordinary shares	<u><b>814,126</b></u>	<u>814,126</u>

Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive potential shares for the six months ended 30 June 2023 and 2022.

## 9 TRADE RECEIVABLES

	<b>At 30 June</b>	<b>At 31 December</b>
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Trade receivables from related companies	<b>151,789</b>	106,678
Trade receivables from external customers	<b>275,662</b>	236,460
Less: Allowance for trade receivables	<u><b>(25,592)</b></u>	<u>(18,379)</u>
	<u><b>401,859</b></u>	<u>324,759</u>

**(a) Ageing analysis**

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

	<b>At 30 June 2023 RMB'000</b>	<b>At 31 December 2022 RMB'000</b>
Within 1 year	371,852	303,785
1 to 2 years	26,308	19,087
2 to 3 years	3,658	1,832
3 to 4 years	41	55
	<u>401,859</u>	<u>324,759</u>

Trade receivables are due when the receivables are recognised.

**10 TRADE PAYABLES**

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

	<b>At 30 June 2023 RMB'000</b>	<b>At 31 December 2022 RMB'000</b>
Within 1 year	168,343	137,450
1 to 2 years	18,234	22,532
2 to 3 years	406	1,466
Over 3 years	301	416
	<u>187,284</u>	<u>161,864</u>

Total creditors and bills payable

## 11 CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

#### (i) Dividends payable to equity shareholders attributable to the interim period

	2023 RMB'000	2022 RMB'000
Interim dividend declared and paid after the interim period of HK\$0.073 (equivalent to RMB0.067) per share (2022: nil)	<u>54,750</u>	<u>—</u>

The interim dividend has not been recognised as a liability at the end of the reporting period.

#### (ii) Dividends payable to equity shareholders attributable to the previous financial year, approved during the interim period

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of RMB0.120 per share (six months ended 30 June 2022: RMB0.071 per share)	<u>97,695</u>	<u>58,058</u>

### (b) Share capital

#### *Authorised share capital*

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 November 2020.

#### *Issued share capital*

Ordinary shares, Issued and fully paid

	No. of shares	RMB
At 31 December 2022 and 30 June 2023	<u>814,126,000</u>	<u>6,740,976</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Overview

The Group is a local Sichuan integrated property management enterprise engaging in the provision of lifestyle service solutions with leading position in the Western China region. Backed by the Fortune Global 500 New Hope Group Co., Ltd.\* (新希望集團有限公司) (together with its subsidiaries, the “**New Hope Group**”), the Group placed emphasis on adhering to “asset value appreciation and maintenance” and “care-free and wonderful life”, and provided building block services such as property management services, lifestyle services and commercial operational services to middle-to-high-end residences, medical institutions, schools, commercial office buildings, public facilities, urban spaces and various types of properties. Meanwhile, leveraging our industry leading comprehensive capability and brand influence, the Group has been awarded “Top 100 Property Management Companies in China” (中國物業服務百強企業) by the China Index Academy (the “CIA”) for six consecutive years. As at 30 June 2023, we ranked Top 22 and Top 25 in “2023 Listed Property Service Companies in China” (2023年中國物業服務上市企業) by EH Consulting (億翰智庫) and “Top 100 Property Service Companies in China” (中國物業服務百強企業) by the CIA, respectively, and was ranked “A tier of EH Consulting’s ESG rating for Property Services” (億翰物業服務ESG評級A級) by EH Consulting for the first time in recognition of our outstanding services.

The Group generated revenue primarily from four business segments: (i) property management services; (ii) lifestyle services; (iii) commercial operational services; and (iv) value-added services to non-property owners. During the Reporting Period, the Group recorded revenue of RMB599.8 million, representing a year-on-year increase of 17.1%, and realized net profit attributable to equity shareholders of RMB109.5 million, representing a year-on-year increase of 9.6%. In particular, revenue from the Southwestern China region was RMB341.8 million, representing a year-on-year increase of 17.5% and accounting for 57.0% of the total revenue; revenue from the Eastern China region was RMB166.2 million, representing a year-on-year increase of 21.5% and accounting for 27.7% of the total revenue; total revenue from the Southwestern China region and the Eastern China region accounted for 84.7% of the total revenue, increasing by 1.2% from the corresponding period last year. In the Southwestern China region, the proportion of the Group’s revenue in Chengdu increased by 2.9% from 32.8% in the corresponding period last year to 35.7%, while revenue increased by 27.6% from RMB167.7 million to RMB214.1 million, which further verified the Group’s strategic cultivation in Chengdu.



The Group continued to optimize its operation and management capabilities and maintained a relatively high net profit margin during the Reporting Period, with net profit margin attributable to the Shareholders of 18.3%. At the same time, the Company kept on enhancing dedicated actions on lean management, commencing works such as the integration of business and finance as well as procedures upgrade, while further strengthening the management and construction of supply chain. By continuous digital investment and management innovation, the Group further lowered business costs and sales management fees, and realized management fee rate of 13.6% during the Reporting Period, representing a year-on-year decrease of 2.2%.

With advantages of regional cultivation and brand influence, the Group commenced cooperation in property management services, lifestyle services and commercial operational services via mergers and acquisitions, bidding, strategic cooperation, establishing joint ventures and other means. During the Reporting Period, given the deceleration of development of real estate enterprises and the significant increase in the number of land acquired by urban investment and development enterprises, we, Chengdu Economic and Development Park Investment Co., Ltd. (成都經開園區投資有限公司), a state-owned enterprise of Wuhou District (武侯區屬國有企業), Chengdu Renju Commercial Management Co, Ltd.\* (成都人居商業管理有限公司) and other parties have formulated cooperation partnership, which enabled us to provide services with our standardized property management service system to realize the goal of “asset value appreciation and maintenance”. As at 30 June 2023, the Group has established 2 joint ventures and contracted 15 projects under the above strategic cooperation framework.

### **Business Model**

We provide property management services to projects under our management, including property and equipment maintenance services, safety and security services, cleaning services, gardening services, public area maintenance and other property management related services. During the Reporting Period, the Group further realized the rapid growth of area under management. As at 30 June 2023, the Group’s gross floor area (the “GFA”) under management was 29.076 million square metres (“sq.m.”), representing a growth of 31.6% from the corresponding period last year, while contracted GFA was 37.930 million sq.m., representing a year-on-year increase of 22.5%. The ratio of contracted GFA to GFA under management was 1.30.

## Property Management Services

Continuously expanding GFA under management is one of our solid development strategies. With the Group's further development in market expansion, the Group had contracted 245 property management projects in total in 33 cities nationwide, with a contracted GFA of 37.9 million sq.m., representing a year-on-year increase of 22.5%. Meanwhile, we had 205 projects under management with a GFA under management of 29.1 million sq.m., representing a year-on-year increase of 31.6%.

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

	As at 30 June 2023	As at 30 June 2022	Growth rate
Number of properties we were contracted to manage <sup>(1)</sup>	245	207	18.4%
Number of properties under management <sup>(2)</sup>	205	156	31.4%
GFA under management (0'000 sq. m.)	2,907.6	2,209.6	31.6%
Contracted GFA (0'000 sq. m.)	3,793.0	3,096.1	22.5%

Notes:

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

## Upholding Regional Focus and Cultivating High-tier Cities

As at 30 June 2023, the Group had projects in 33 cities in 14 provinces, autonomous regions and municipalities in China. During the Reporting Period, the Group continued to increase efforts on the cultivation of the Southwestern China region, with Chengdu-Chongqing metropolitan area as the core, and high-tier cities in the Eastern China region, achieving sustainable growth in property management revenue and management scale in these two regions. In particular, for property management revenue, property management revenue in the Southwestern China region was RMB150.5 million, accounting for 47.4% of the total property management revenue and representing a year-on-year growth of 30.1%. Property management revenue in the Eastern China region was RMB124.3 million, accounting for 39.1% of the total property management revenue and representing a year-on-year growth of 46.7%. Total property management revenue in these two regions accounted for 86.5% of the total property management revenue. The Group's GFA under management in the Southwestern China region was 15.986 million sq.m., representing a year-on-year growth of 28.3% and accounting for 55.0% of the total

GFA under management; GFA under management in Eastern China region was 9.2780 million sq.m, representing a year-on-year growth of 37.6% and accounting for 31.9% of the total GFA under management. Total GFA under management in the Southwestern China region and the Eastern China region accounted for 86.5% of the total GFA under management, which continued to show the advantage of regional intensity.

The table below sets forth a breakdown and growth rate of our total GFA under management and revenue by region as at the dates/for the periods indicated:

Regional distribution	As at/for the six months ended 30 June 2023				As at/for the six months ended 30 June 2022				Growth of GFA (%)	Growth of revenue (%)
	Revenue (RMB'000)	Percentage (%)	GFA under management		Revenue (RMB'000)	Percentage (%)	GFA under management			
			(sq. m. 0'000)	Percentage (%)			(sq. m. 0'000)	Percentage (%)		
Southwestern China region	150,530.7	47.4	1,598.7	55.0	115,725.4	49.7	1,245.8	56.4	28.3	30.1
Eastern China region	124,335.4	39.1	927.8	31.9	84,758.2	36.3	674.3	30.5	37.6	46.7
Southern China region	21,296.4	6.7	206.6	7.1	18,969.3	8.1	178.0	8.1	16.1	12.3
Northern China region	20,547.9	6.5	123.9	4.3	13,747.7	5.9	111.5	5.0	11.1	49.5
Central China region	1,035.6	0.3	50.6	1.7	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>317,746.0</b>	<b>100.0</b>	<b>2,907.6</b>	<b>100.0</b>	<b>233,200.6</b>	<b>100.0</b>	<b>2,209.6</b>	<b>100.0</b>	<b>31.6</b>	<b>36.3</b>

### Continuous Cultivation in High-tier Cities

As at 30 June 2023, 91.5% of the Group's property management projects were in first-tier, new first-tier and second-tier cities in China, while 95.9% of revenue from property management were from projects under management in first-tier, new first-tier and second-tier cities in China, which further verified the Group's strategy of cultivation in high-tier cities.

The table below sets forth a breakdown of our total GFA under management and revenue by city tier as at the dates indicated:

Tier of city	As at/for the six months ended 30 June 2023				As at/for the six months ended 30 June 2022				Growth of GFA (%)	Growth of revenue (%)
	Revenue (RMB'000)	Percentage (%)	GFA under management		Revenue (RMB'000)	Percentage (%)	GFA under management			
			(sq. m. 0'000)	Percentage (%)			(sq. m. 0'000)	Percentage (%)		
First-tier <sup>(1)</sup>	6,648.5	2.1	18.1	0.6	4,302.0	1.8	14.7	0.7	22.4	54.5
New first-tier <sup>(2)</sup>	142,968.5	45.0	1,335.5	46.0	105,037.0	45.0	942.4	42.6	41.7	36.1
Second-tier <sup>(3)</sup>	155,129.2	48.8	1,305.7	44.9	115,022.1	49.4	1,024.2	46.4	27.5	34.9
Others <sup>(4)</sup>	12,999.8	4.1	248.3	8.5	8,839.9	3.8	228.3	10.3	8.8	47.1
<b>Total</b>	<b>317,746.0</b>	<b>100.0</b>	<b>2,907.6</b>	<b>100.0</b>	<b>233,201.0</b>	<b>100.0</b>	<b>2,209.6</b>	<b>100.0</b>	<b>31.6</b>	<b>36.3</b>

- (1) First-tier cities in which we provide property management services include Shanghai.
- (2) New first-tier cities in which we provide property management services include Chengdu, Chongqing, Hangzhou, Suzhou, Shenyang, Qingdao and Nanjing.
- (3) Second-tier cities in which we provide property management services include Dalian, Nanning, Kunming, Ningbo, Jiaxing, Wenzhou, Wuxi and Changchun.
- (4) Others in which we provide property management services include Nanchong.

### **Further Enhancement of Market Expansion Capability**

The Group focused on market expansion in terms of quality and size, and upheld a flexible and open market-oriented cooperation manner. During the Reporting Period, the Group continued to conduct multi-channel market expansion via, among other means, bidding, establishing joint ventures and strategic partnership, and successfully won the bid for high-end residential projects such as Wuxi Jiazhou Garden (無錫嘉洲花園) and Chengdu Lingyu (成都領域) as well as property management projects in medical sector such as Wenzhou Ruian Fifth People's Hospital (溫州瑞安市第五人民醫院) and Kunming Orthopedic Hospital Co., Ltd. (昆明骨科醫院有限公司). Such expansion realized the Group's breakthrough in the medical sector in Wenzhou and Kunming to further consolidate its cultivation in such regions. By duly contracting and stationing in Chengdu C8 Digital Economic Industrial Park (成都C8數字經濟產業園), Chengdu Chabaidao Industrial Park (成都茶百道產業園), Chengdu Zhongbao BMW 4S Store and Nanning Vipshop Logistics Park, the Group started a new chapter in its expansion into industrial park service sectors.

The table below sets forth a breakdown and growth rate of the Group's GFA under management and contracted GFA of property management projects obtained through market expansion:

<b>Market expansion</b>	<b>As at 30 June 2023 (sq. m. 0'000)</b>	<b>As at 30 June 2022 (sq. m. 0'000)</b>	<b>Newly obtained GFA (sq. m. 0'000)</b>	<b>Growth rate (%)</b>
GFA under management	<b>965.8</b>	541.3	<b>424.5</b>	<b>78.4</b>
Contracted GFA	<b>1,153.2</b>	622.5	<b>530.7</b>	<b>85.3</b>

Meanwhile, the Group's performance of market expansion in the Southwestern China region and the Eastern China region was outstanding, with respective increases in the proportion of GFA under management and contracted GFA of property projects obtained through market expansion to the total area of those regions. In particular, the proportion of GFA under management and contracted GFA of market expansion increased by 14.4% and 15.0% from the corresponding period last year in the Southwestern China region, among which, both the proportion of GFA under management and contracted GFA of market expansion in Chengdu and Kunming increased by over 15.0% from the corresponding period last year, which further verified the Group's strategy of regional cultivation.

1. The table below sets forth a breakdown and growth rate of the Group's GFA under management for property management projects obtained through market expansion in relevant regions:

Region	As at 30 June 2023			As at 30 June 2022			Growth rate of expanded GFA (%)
	Expanded GFA (sq. m. 0'000)	Total GFA (sq. m. 0'000)	Percentage (%)	Expanded GFA (sq. m. 0'000)	Total GFA (sq. m. 0'000)	Percentage (%)	
Eastern China region	266.4	927.8	28.7	179.9	674.3	26.7	48.1
Southwestern China region	637.0	1,598.6	39.8	316.9	1,245.8	25.4	101.0
Of which							
Chengdu	428.9	953.7	45.0	211.3	716.5	29.5	103.0
Kunming	166.8	398.4	41.9	70.4	272.3	25.9	136.9

2. The table below sets forth a breakdown and growth rate of the Group's contracted GFA for property management projects obtained through market expansion in relevant regions:

Region	As at 30 June 2023			As at 30 June 2022			Growth rate of expanded GFA (%)
	Expanded GFA (sq. m. 0'000)	Total GFA (sq. m. 0'000)	Percentage (%)	Expanded GFA (sq. m. 0'000)	Total GFA (sq. m. 0'000)	Percentage (%)	
Eastern China region	357.4	1,240.1	28.8	221.8	1,135.4	19.5	61.1
Southwestern China region	727.1	1,834.6	39.6	349.9	1,417.9	24.7	107.8
Of which							
Chengdu	461.8	1,008.2	45.8	234.4	807.7	29.0	97.0
Kunming	214.1	485.4	44.1	70.4	272.3	25.9	204.1

## New Hope Wuxin Industrial has relatively strong performance capability

Benefitted from the continuous growth of various business segments of New Hope Group, particularly the stable development of New Hope Wuxin Industrial Group Co., Ltd.\* (“**New Hope Wuxin Industrial**”) (新希望五新實業集團有限公司) (together with its subsidiaries, associates and joint ventures, “**New Hope Wuxin Industrial Group**”), during the Reporting Period, New Hope Wuxin Industrial has delivered 22 quality projects in 11 cities nationwide, amounting to 16,641 units in total, of which over 4,000 units were delivered earlier than scheduled. This indicates New Hope Wuxin Industrial’s relatively strong performance capability, and brings the Group concrete support for continuous growth in terms of GFA under management. Among the Group’s newly obtained GFA under management, 2.809 million sq.m. were from New Hope Wuxin Industrial and its associates or joint ventures, accounting for approximately 40.3% of the Group’s newly obtained GFA under management, while 4.166 million sq.m. were from independent third parties, accounting for approximately 59.7% of the Group’s newly obtained GFA under management. Among the newly obtained contracted GFA, over 6.275 million sq.m. were from independent third parties, accounting for approximately 90.0% of the Group’s newly obtained GFA under management.

The table below sets forth the breakdown of the Group’s GFA under management and revenue by the type of property developer:

Type of property developer	As at/for the six months ended 30 June 2023				As at/for the six months ended 30 June 2022				Growth of GFA (%)	Growth of revenue (%)
	Revenue (RMB'000)	Percentage (%)	GFA under management (sq.m. 0'000)	Percentage (%)	Revenue (RMB'000)	Percentage (%)	GFA under management (sq.m. 0'000)	Percentage (%)		
New Hope Wuxin Industrial <sup>(1)</sup>	161,652.1	50.9	1,097.4	37.7	127,534.8	54.7	989.6	44.8	10.9	26.8
Associates or joint ventures of New Hope Wuxin Industrial <sup>(2)</sup>	18,707.2	5.9	496.6	17.1	12,716.6	5.4	323.5	14.6	53.5	47.1
Ultimate controlling shareholders and their associates <sup>(3)</sup>	37,604.5	11.8	32.3	1.1	30,945.6	13.3	31.9	1.4	1.3	21.5
Independent third parties	99,782.2	31.4	1,281.3	44.1	62,003.6	26.6	864.6	39.2	48.2	60.9
<b>Total</b>	<b>317,746.0</b>	<b>100.0</b>	<b>2,907.6</b>	<b>100.0</b>	<b>233,200.6</b>	<b>100.0</b>	<b>2,209.6</b>	<b>100.0</b>	<b>31.6</b>	<b>36.3</b>

Notes:

- (1) Refer to properties solely developed by New Hope Wuxin Industrial Group, as well as properties jointly developed by New Hope Wuxin Industrial Group and other property developers in which New Hope Wuxin Industrial Group held a controlling interest.
- (2) Refer to properties developed by joint ventures or associates of New Hope Wuxin Industrial Group (New Hope Wuxin Industrial Group does not hold a controlling interest in these properties).
- (3) Refer to properties developed by other associates of our ultimate controlling shareholders, namely Mr. Liu Yonghao (劉永好) and Ms. Liu Chang (劉暢).

## Lifestyle Services

Relying on the industrial background of New Hope Group, New Hope Service, with its own customer access attributes, connected various business segments of New Hope Group through its lifestyle services business. Lifestyle services are an important source of revenue for the Group, and continue to develop as one of the major driving forces for the Company's development. The Group's lifestyle services comprise (i) community living services; (ii) community asset management services, including carpark related services and property agency services; and (iii) online and offline retail services and catering services. During the Reporting Period, the Group achieved revenue of RMB135.2 million from the lifestyle services segment, representing an increase of 17.3% over the corresponding period last year.

The following table sets forth a breakdown of our revenue from lifestyle services:

	As at/for the six months ended 30 June 2023		As at/for the six months ended 30 June 2022		Growth rate Percentage (%)
	Revenue (RMB'000)	Percentage (%)	Revenue (RMB'000)	Percentage (%)	
Community operational services	67,752.9	50.1	56,548.5	49.1	19.8
Community asset management services	16,475.5	12.2	15,914.4	13.8	3.5
Online and offline retail services and catering services	50,939.1	37.7	42,817.5	37.1	19.0
<b>Total</b>	<b>135,167.5</b>	<b>100.0</b>	<b>115,280.4</b>	<b>100.0</b>	<b>17.3</b>

## Commercial Operational Services

We provide commercial operational services to commercial properties, including shopping centers, shopping streets, office buildings, specialty markets and industrial parks. Adhering to the strategic direction of asset value appreciation and maintenance, the Group enhanced its business development of stock customers. As at 30 June 2023, the number of the Group's commercial operational projects increased by three from the corresponding period last year, namely Mingyu Building, Mingyu Financial Plaza and Nanning Xinchangxing (南寧新暢行). The acquisition of new projects formulated a strong bond between commercial operational business and the Group's strategic direction, and further exemplified the capability for stable development.

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

	As at/for the six months ended 30 June 2023		As at/for the six months ended 30 June 2022		Growth rate Percentage (%)
	Revenue (RMB'000)	Percentage (%)	Revenue (RMB'000)	Percentage (%)	
Market research and positioning and opening preparation services	5,337.1	7.4	754.7	1.3	607.2
Commercial operational services	<u>67,188.5</u>	<u>92.6</u>	<u>56,400.7</u>	<u>98.7</u>	<u>19.1</u>
<b>Total</b>	<b><u>72,525.6</u></b>	<b><u>100.0</u></b>	<b><u>57,155.4</u></b>	<b><u>100.0</u></b>	<b><u>26.9</u></b>

#### Value-added services to non-property owners

We also provide a series of value-added services to non-property owners, mainly for property developers. Our value-added services to non-property owners include (i) on-site management services; (ii) preliminary planning and design consultation, pre-delivery and repair and maintenance services; and (iii) other services, such as construction site management services.

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

	As at/for the six months ended 30 June 2023		As at/for the six months ended 30 June 2022		Growth rate Percentage (%)
	Revenue (RMB'000)	Percentage (%)	Revenue (RMB'000)	Percentage (%)	
Preliminary planning, design consultancy and pre-delivery services	35,633.8	47.9	44,832.4	42.1	-20.5
Revenue from on-site service fee	33,654.6	45.3	50,721.5	47.6	-33.6
Special entrusted services	<u>5,057.4</u>	<u>6.8</u>	<u>10,915.9</u>	<u>10.3</u>	<u>-53.7</u>
<b>Total</b>	<b><u>74,345.8</u></b>	<b><u>100.0</u></b>	<b><u>106,469.8</u></b>	<b><u>100.0</u></b>	<b><u>-30.2</u></b>



## **PROSPECTS**

### **Stride forward with Quality Services and Solid Development**

For a property management company, it shall clearly see the fact that as its environment evolves, the industry has shifted development goal from scale-guided expansion to quality-guided growth, which means attaining quality development carries more weight. A company shall pursue quality development based on its service capabilities, and to achieve outstanding service capabilities, it shall have high collection ratio, high renewal ratio and high satisfaction. In the future, we will continue to strengthen services capabilities, stick to services quality, and continuously acquire ideal market expansion projects with great services. Meanwhile, we will pay attention to good M&A targets in the market in order to achieve scale expansion of high quality.

### **Join Hands with Hope to Serve Lifestyle**

In recent years, with the continuous introduction of property-related policies, on one hand, property's lifestyle attribute was emphasized from the policy side, and on the other hand, property management companies were offered more standardized development guidelines. For property management companies, their property management work shall start from and end at giving residents a happy experience. In the future, while guaranteeing service quality and refining and furthering property management services, we will facilitate our connection with New Hope Group, drill down into New Hope's brand strengths in lifestyle, and explore product supply and cooperation opportunities with companies including New Hope Liuhe Co., Ltd.\* (新希望六和股份有限公司), New Hope Dairy Co., Ltd.\* (新希望乳業股份有限公司) and Grass Green Group (草根知本集團) in order to offer our clients diversified comprehensive solutions for lifestyle services such as "property + group meal, property + retail, property + centralized purchase" and effectively provide "property services + living services".

### **Plow Profoundly in Livable Chengdu**

As of half year of 2023, Chengdu, as a new tier-1 city and a national central city in the western region, has a permanent resident population of over 21 million, and a property management market stock of over 630 million sq.m.. New Hope Group, as a Global 500 enterprise based in Chengdu, has not only being a well-known brand but also established harmonious government-enterprise relationships with various governments at the district and county levels. Leveraging on New Hope Group's support and as a only group company equipped with services capacities of "property + commercial + living services and group meal" in Chengdu, the Company's future move will be making fully use of the development opportunity posed by Chengdu's new-type urbanization, focusing on the greater Chengdu market, exploring in the city, giving full play to core resources, optimizing New Hope Group's brand influence in Chengdu region, and driving high quality development across all of our business segments.

## FINANCIAL REVIEW

### Revenue

The Group's revenue is primarily generated from four business lines: (i) property management services; (ii) lifestyle services; (iii) commercial operational services; and (iv) value-added services to non-property owners. The Group's revenue increased by RMB87.7 million or approximately 17.1% to RMB599.8 million for the six months ended 30 June 2023 from RMB512.1 million for the six months ended 30 June 2022, which was primarily attributable to (i) the increase in revenue from property management services arising from the increase in the GFA under management of the Group; and (ii) the increase in revenue from commercial operational and lifestyle services.

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

	For the six months ended 30 June			
	2023		2022	
	(RMB'000)	%	(RMB'000)	%
Property management services	317,746.0	53.0	233,200.6	45.5
Lifestyle services	135,167.5	22.5	115,280.4	22.5
Commercial operational services	72,525.6	12.1	57,155.4	11.2
Value-added services to non-property owners	74,345.8	12.4	106,469.8	20.8
<b>Total</b>	<b>599,784.9</b>	<b>100.0</b>	<b>512,106.2</b>	<b>100.0</b>

The property management services are our largest source of revenue. For the six months ended 30 June 2023, the revenue from property management services was RMB317.75 million, accounting for 53.0% of the Group's total revenue. The increase in revenue was primarily due to the increased revenue from property management services driven by the increase in GFA under management of the Group from 2,209.6 million sq.m. as at 30 June 2022 to 2,907.6 million sq.m. as at 30 June 2023. The increase in number of properties and GFA under management was mainly due to (i) the continuous delivery of properties developed by New Hope Group to us for management during the Reporting Period; (ii) the Group's expansion in the independent third-party markets.

The revenue from lifestyle services increased by 17.3% from approximately RMB115.3 million, representing 22.5% of total revenue of the Group for the six months ended 30 June 2022 to approximately RMB135.2 million, representing 22.5% of total revenue of the Group for the six months ended 30 June 2023. Among which:

- (1) The revenue from community living services increased by 19.8% from RMB56.5 million for the six months ended 30 June 2022 to RMB67.8 million for the six months ended 30 June 2023, which was mainly due to the surge in GFA under management and active expansion of community living services given the elimination of epidemic factors during the Reporting Period.
- (2) The revenue from community asset management services increased by 3.5% from RMB15.9 million for the six months ended 30 June 2022 to RMB16.5 million for the six months ended 30 June 2023, which was mainly due to the increase in revenue from carpark given the increase in GFA under management of the Group during the Reporting Period.
- (3) The revenue from online and offline retail services and catering services increased by 19.0% from RMB42.8 million for the six months ended 30 June 2022 to RMB50.9 million for the six months ended 30 June 2023, which was mainly due to the Group's active expansion of its lifestyle services business during the Reporting Period, in particular, the increase in group meals and the increasing density of new retail business, which resulted in the increase in revenue from online and offline retail services and catering services.

The revenue from value-added services to non-property owners decreased by 30.2% from approximately RMB106.5 million for the six months ended 30 June 2022 to approximately RMB74.3 million for the six months ended 30 June 2023, which was mainly due to less site services and pre-delivery services undertaken during the Reporting Period.

The revenue from commercial operational services increased by 26.9% from RMB57.2 million for the six months ended 30 June 2022 to RMB72.5 million for the six months ended 30 June 2023, which was mainly due to the newly undertaken and actively expanded commercial operational services business during the Reporting Period.

### **Cost of Sales**

Our cost of sales represents costs directly attributable to the provision of our services and consist primarily of (i) staff costs; (ii) outsourced labor costs; (iii) maintenance costs; (iv) material and cost of goods sold; (v) energy and resources expenses; (vi) cleaning expenses; (vii) depreciation and amortization charges; and (viii) all other costs of sales, mainly including business consultation expenses, transport expenses, and costs of low value consumption goods such as office supplies and stationery. For the six months 30 June 2023, the total cost of sales of the Group was approximately RMB373.6 million,

which increased by approximately RMB70.6 million or approximately 23.3% from approximately RMB303.0 million for the corresponding period of 2022. The growth rate of our cost of sales was higher than that of our revenue, primarily due to the increase in the proportion of revenue contribution from the property management services over the total revenue of the Group, which have a relatively lower gross profit margin compared to other business lines.

### Gross Profit and Gross Profit Margin

The gross profit of the Group increased by RMB17.1 million or 8.2% to RMB226.2 million for the six months ended 30 June 2023 from RMB209.1 million for the six months ended 30 June 2022.

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

Type	For the six months ended 30 June			
	2023		2022	
	(RMB'000)	%	(RMB'000)	%
Property management services	91,586.5	28.8	76,168.6	32.7
Lifestyle services	55,923.5	41.4	50,803.0	44.1
Commercial operational services	49,191.9	67.8	39,304.2	68.8
Value-added services to non-property owners	<u>29,515.4</u>	<u>39.7</u>	<u>42,866.0</u>	<u>40.3</u>
<b>Total</b>	<b><u>226,217.3</u></b>	<b><u>37.7</u></b>	<b><u>209,141.8</u></b>	<b><u>40.8</u></b>

For the six months ended 30 June 2023, the gross profit margin of the Group decreased by 3.1 percentage points as compared with the corresponding period last year.

Our gross profit margin of property management services decreased by 3.9%, primarily due to the increase in the proportion of independent third-party GFA under management with active external expansion during the Reporting Period.

Our gross profit margin of value-added services to non-property owners decreased by 0.6%, which remained basically the same as the corresponding period last year.

Our gross profit margin of commercial operational services decreased by 1.0%, which remained basically the same as the corresponding period last year.

Our gross profit margin of lifestyle services decreased by 2.7%, primarily due to the active expansion of third-party business with low gross profit margin and the decrease in site utilization business with high gross profit margin amidst economic downturn.

## **Other Net Expense**

Other net expense of the Group decreased by RMB10.3 million or 88.3% to RMB1.3 million for the six months ended 30 June 2023 from RMB11.6 million for the six months ended 30 June 2022, which was mainly attributable to the decrease in fair value change with the decrease in project during the Reporting Period.

## **Administrative Expenses**

Our administrative expenses include (i) staff costs; (ii) professional fees, (iii) office and business entertainment expenses; (iv) depreciation and amortization; (v) tax expenses; and (vi) all other administrative expenses, which primarily consist of office expenses, tax expenses, hiring and training expenses, and cleaning expenses. Total administrative expenses of the Group were approximately RMB81.5 million for the six months ended 30 June 2023, which remained basically the same as the corresponding period last year.

## **Selling Expenses**

The selling expenses of the Group were RMB0.3 million for the six months ended 30 June 2022 and RMB0.4 million for the six months ended 30 June 2023, which remained basically the same as the corresponding period last year.

## **Finance Income, Net**

The net finance income of the Group decreased by RMB3.4 million or 33.4% to RMB6.7 million for the six months ended 30 June 2023 from RMB10.1 million for the six months ended 30 June 2022, with a decrease in interest income under the influence of downward adjustment of national interest rate.

## **Income Tax Expense**

For the six months ended 30 June 2023, the income tax of the Group was approximately RMB24.2 million (for the six months ended 30 June 2022: RMB17.7 million), which was in line with the increase in profit of the Company during the Reporting Period.

## **Profit for the Reporting Period**

The net profit of the Group increased by approximately RMB13.7 million or approximately 13.1% to approximately RMB118 million for the six months ended 30 June 2023 from approximately RMB104.3 million for the six months ended 30 June 2022.

## **Core Net Profit Attributable to Owners of the Parent**

The profit attributable to equity shareholders of the Company increased by approximately 9.6% to approximately RMB109.5 million for the six months ended 30 June 2023 from approximately RMB99.9 million (excluding listing expenses) for the six months ended 30 June 2022.

## **Property, Plant and Equipment**

Property, plant and equipment of the Group mainly consists of machinery, vehicles, electronic equipment, office and other equipment, furniture and fixtures. As at 30 June 2023, the Group's property, plant and equipment was approximately RMB13.5 million, an increase of approximately RMB0.5 million from approximately RMB14.0 million as at 31 December 2022, which remained basically the same as the corresponding period last year.

## **Trade Receivables**

Trade receivables primarily arise from the provision of property management services, value-added services to non-property owners, commercial operational services and lifestyle services. The Group's trade receivables as at 30 June 2023 amounted to approximately RMB401.9 million, representing an increase of approximately RMB77.1 million or 23.7% as compared to approximately RMB324.8 million as at 31 December 2022, which was primarily due to (i) the growth in business; and (ii) the increase in third-parties GFA under management.

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

Prepayments, deposits and other receivables amounted to RMB78.8 million as at 31 December 2022 and RMB78.2 million as at 30 June 2023, which remained basically the same as the corresponding period last year.

## **Trade Payables**

The Group's trade payables as at 30 June 2023 amounted to approximately RMB187.3 million, representing an increase of approximately RMB25.4 million or 15.7% as compared to approximately RMB161.9 million as at 31 December 2022, mainly due to the expansion of our business.

## **Other Payables and Accruals**

Other payables and accruals increased by RMB65.8 million or 29.4% from RMB223.7 million as at 31 December 2022 to RMB289.5 million as at 30 June 2023, primarily due to the increase in bonus payable to shareholders.

## **Financial Position and Capital Structure**

For the six months ended 30 June 2023, the Group maintained a sound financial position.

As at 30 June 2023, the Group's current ratio (current assets/current liabilities) was 2.2 times (31 December 2022: 2.5 times) and net gearing ratio indicated a net cash status (31 December 2022: net cash). Net gearing ratio is calculated by interest-bearing borrowings minus cash and cash equivalents, and then divided by net assets. As at 30 June 2023 and 30 June 2022, the Group did not have any outstanding interest-bearing borrowings.

## **Pledge of Assets**

As at 30 June 2023, none of the assets of the Group were pledged (30 June 2022: Nil).

## **Contingent Liabilities**

As at 30 June 2023, the Group did not have any material contingent liabilities (30 June 2022: Nil).

## **Interest Rate Risk**

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

## **Foreign Exchange Risk**

The Group mainly operates its business in the PRC, and substantially all of its revenue and expenses are denominated in RMB. As at 30 June 2023, among the Group's cash and bank balances, RMB108.4 million was denominated in Hong Kong dollars, which was subject to the exchange rate fluctuation. Due to the distribution of annual dividends to shareholders, the Group locked the exchange rate with banks in advance to reduce foreign exchange risk. However, the Group will closely monitor its foreign exchange exposure, and strive to maintain the value of the Group's cash.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

The Group intends to utilise the net proceeds from the Listing (as defined below) in accordance with the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 11 May 2021 (the “**Prospectus**”) and the announcement of the Company dated 25 May 2022. For details, please refer to the section headed “Use of Net Proceeds from the Listing” below.

Save for the above, the Group did not have any other plan for material investments or capital assets as at 30 June 2023.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company has no significant investments or significant acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

## **EVENTS AFTER THE PERIOD**

Save as disclosed in this announcement, the Group did not have any other significant event subsequent to the Reporting Period.

## **INTERIM DIVIDEND**

The Board recommends the payment of an interim dividend of HK\$0.073 per share for the six months ended 30 June 2023 (interim period of 2022: nil) to the Shareholders whose names appear on the register of members of the Company on Thursday, 5 October 2023. The interim dividend will be distributed to the Shareholders on or before Wednesday, 20 December 2023.

## **CLOSURE OF THE REGISTER OF MEMBERS**

For determining the entitlement of the Shareholders to the proposed interim dividend, the register of members of the Company will be closed from Tuesday, 3 October 2023 to Thursday, 5 October 2023, both days inclusive, during which period no transfer of Shares will be effected. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Center, No. 183 Queen’s Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 29 September 2023. The interim dividend will be paid on or about Wednesday, 20 December 2023.



## USE OF NET PROCEEDS FROM THE LISTING

The Shares were listed (the “**Listing**”) on the Stock Exchange on 25 May 2021 (the “**Listing Date**”) and the over-allotment option (the “**Over-allotment Option**”) was partially exercised on 11 June 2021. For details, please refer to the Prospectus and the Company’s announcement dated 15 June 2021. Net proceeds from the Listing (including the partial exercise of the Over-allotment Option), after deducting the underwriting commission and other estimated expenses in connection with the Listing, amounted to approximately HK\$790.0 million (equivalent to approximately RMB648.7 million). As set out in the announcement dated 25 May 2022, the Board changed the utilization plan of proceeds from the Listing. As at 30 June 2023, an analysis of the utilization of net proceeds from the Listing is as follows:

Major categories	Sub-categories	Amount (HK\$ in millions)	% of total proceeds	Unutilized amount as at 1 January 2023 (HK\$ in millions)	Actual utilized amount for the Reporting Period	Unutilized amount as at 30 June 2023	Estimated utilization plan
Strategic acquisition and investment		434.5	55.0%	429.0	—	429.0	On or before 31 December 2023
Upgrade information system and equipment	Middle ground system	23.7	3.0%	17.1	—	17.1	On or before 31 December 2023
	Property management support system	2.4	0.3%	1.0	—	1.0	On or before 31 December 2023
	Lifestyle service support system	15.0	1.9%	8.1	7.1	1.0	On or before 31 December 2023
	Corporate infrastructural operation system	11.1	1.4%	2.3	1.8	0.5	On or before 31 December 2023
	Intelligent community pilot projects	42.6	5.4%	30.2	0.3	29.9	On or before 31 December 2023
	Human resources to support information technology upgrades	23.7	3.0%	11.2	11.2	0	—
Talent recruitment and team building		39.5	5.0%	1.5	1.5	0	—
Development of lifestyle services		79.0	10.0%	37.4	35.6	1.8	On or before 31 December 2023
Working capital		118.5	15.0%	23.9	1.8	22.1	On or before 31 December 2023
Total		<u>790.0</u>	<u>100%</u>	<u>561.7</u>	<u>59.3</u>	<u>502.4</u>	

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

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2023, the Group had 3,976 employees (31 December 2022: 4,031 employees). During the Reporting Period, the total staff costs were approximately RMB163.0 million (for the six months ended 30 June 2022: approximately RMB175.6 million).

In order to attract and retain high quality staffs to enable smooth operation within the Group, the remuneration policy of the Group's employees is reviewed periodically to ensure that the salary and benefit levels of the employees of the Group are competitive. The salaries and allowances of employees were determined based on their performance, experience and the then prevailing market rates. Discretionary performance bonus and share option scheme after assessments is in place for employees to reward their contributions. The Group is subject to social insurance contribution plans or other pension schemes prescribed by the local governments and is required to pay on behalf of its employees, monthly social insurance funds covering pension fund, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance, and the housing provident fund, or to contribute regularly to mandatory provident fund schemes on behalf of its employees.

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

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of our shareholders and to enhance corporate value and accountability. The Company has adopted Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance.

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the CG Code for the six months ended 30 June 2023. The Company will continue to review and monitor its corporate governance practice to ensure the compliance of the CG Code.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions conducted by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own Code of Conduct for securities transactions conducted by relevant Directors and employees. After making specific enquires to all the Directors, each of them has confirmed that they have complied with the required standards set out in the Model Code for the six months ended 30 June 2023.

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

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company for the six months ended 30 June 2023.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) has, together with the management of the Company, reviewed the unaudited condensed consolidated interim results for the six months ended 30 June 2023. The Audit Committee has also reviewed the effectiveness of the Company’s risk management and internal control system, and is of the view that the risk management and internal control system are effective and adequate.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement has been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website (<http://www.newhopegroup.com>), and the interim report for 2023 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board  
**New Hope Service Holdings Limited**  
**Jiang Mengjun**  
*Chairman of the Board*

Hong Kong, 29 August 2023

*As at the date of this announcement, the Board comprises Ms. Wu Min (Co-chairman of the Board) and Ms. Chen Jing as executive directors, Mr. Jiang Mengjun (Chairman of the Board), Mr. Dong Li, Mr. Liu Xu and Ms. Zhang Wei as non-executive directors and Mr. Cao Qilin, Mr. Kong Chi Mo and Mr. Li Zhengguo as independent non-executive directors.*

\* *For identification purpose only*