

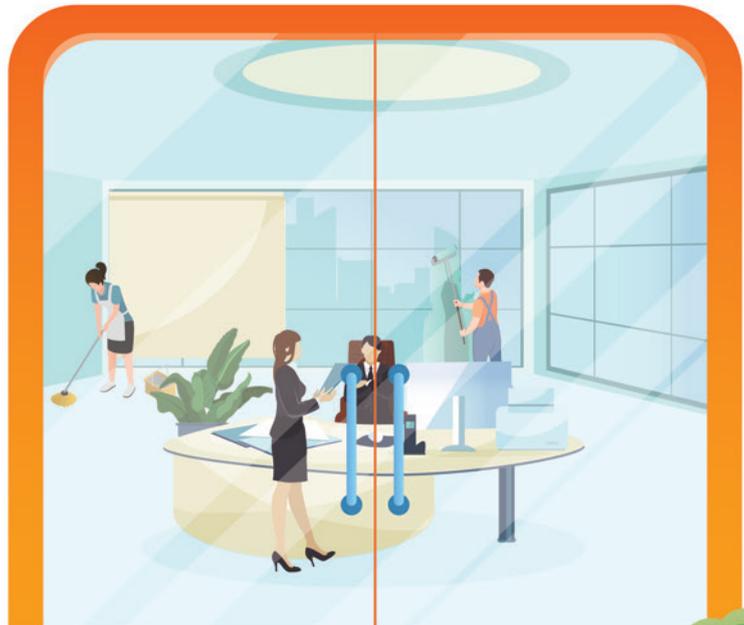


# 越秀服務集團有限公司 YUEXIU SERVICES GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code : 6626

*Where Good  
Service Starts*



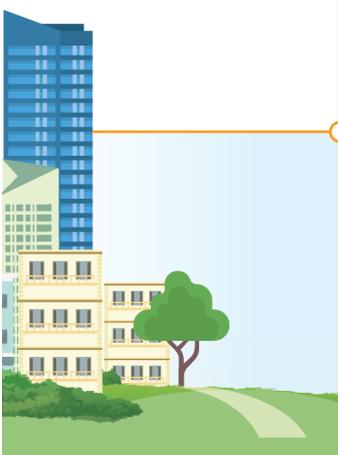
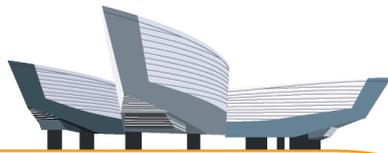
INTERIM REPORT  
2023



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### NON-EXECUTIVE DIRECTORS

Mr. Lin Feng (*Chairman*)  
Mr. Yao Xiaosheng  
Mr. Yang Zhaoxuan

#### EXECUTIVE DIRECTORS

Mr. Zhang Jianguo  
Mr. Zhang Chenghao (appointed on 28 August 2023)  
Mr. Mao Liangmin (resigned on 28 August 2023)  
Mr. Zhang Jin

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hung Shing Ming  
Ms. Hui Lai Kwan  
Mr. Leung Yiu Man (appointed on 28 August 2023)  
Mr. Chan Yuen Hang Kenneth (resigned on 28 August 2023)

### COMPANY SECRETARY

Mr. Yu Tat Fung

### AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*  
*and Registered Public Interest Entity Auditor*

### PRINCIPAL BANKERS

Agricultural Bank of China Limited  
China Construction Bank Corporation  
Bank of China (Hong Kong) Limited  
Bank of Guangzhou Co., Ltd.  
China Everbright Bank Co., Ltd., Hong Kong Branch  
China CITIC Bank Corporation Limited  
Shanghai Pudong Development Bank Co., Ltd

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

26/F, Yue Xiu Building  
160 Lockhart Road  
Wanchai  
Hong Kong

### SHARE REGISTRAR

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

### INVESTOR RELATIONS

For further information of Yuexiu Services Group Limited, please contact: Ms. Swan Wan  
Email: [ir@yuexiuproperty.com](mailto:ir@yuexiuproperty.com)

### STOCK CODE

6626

### WEBSITES TO ACCESS COMPANY INFORMATION

[www.yuexiuserVICES.com](http://www.yuexiuserVICES.com)  
[www.irasia.com/listco/hk/yuexiuserVICES/](http://www.irasia.com/listco/hk/yuexiuserVICES/)  
[www.hkexnews.hk](http://www.hkexnews.hk)



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### RESULTS OVERVIEW

As of 30 June 2023, the Group:

- had 416 (31 December 2022: 387) contracted projects, with a total contracted gross floor area ("GFA") of 77.5 million sq.m. (31 December 2022: 70.6 million sq.m.), representing an increase of 9.8% in contracted GFA; and
- had 346 (31 December 2022: 323) projects under management, with a total GFA under management of 58.8 million sq.m. (31 December 2022: 51.7 million sq.m.), representing an increase of 13.7% in GFA under management.

The table below sets forth the change in the Group's number of contracted projects and projects under management as of the dates indicated.

	As of 30 June 2023		As of 31 December 2022	
	Contracted projects	Projects under management	Contracted projects	Projects under management
<b>Total projects</b>	<b>416</b>	<b>346</b>	387	323

The table below sets forth the change in the Group's contracted GFA and GFA under management for the periods indicated.

	Six months ended 30 June			
	2023		2022	
	Contracted GFA (sq.m. in thousands)	GFA under management (sq.m. in thousands)	Contracted GFA (sq.m. in thousands)	GFA under management (sq.m. in thousands)
As of the beginning of the period	70,597	51,689	58,384	38,872
New engagements	8,260	8,440	5,007	5,442
Terminations	(1,367)	(1,367)	(768)	(768)
<b>As of the end of the period</b>	<b>77,490</b>	<b>58,762</b>	62,623	43,546

## MANAGEMENT DISCUSSION AND ANALYSIS

As of 30 June 2023, the Group's contracted projects covered 45 cities in the mainland China and Hong Kong. The table below sets forth a geographical breakdown of the Group's contracted GFA and GFA under management as of the dates indicated.

	As of 30 June 2023		As of 31 December 2022	
	Contracted GFA (sq.m. in thousands)	GFA under management (sq.m. in thousands)	Contracted GFA (sq.m. in thousands)	GFA under management (sq.m. in thousands)
Greater Bay Area	45,124	32,956	44,946	32,316
East China Region	9,181	7,783	9,111	7,848
Central China Region	10,280	8,077	8,039	5,592
North China Region	8,670	7,091	5,098	3,786
West China Region	4,235	2,855	3,403	2,147
<b>Total</b>	<b>77,490</b>	<b>58,762</b>	<b>70,597</b>	<b>51,689</b>

### NON-COMMERCIAL PROPERTY MANAGEMENT AND VALUE-ADDED SERVICES

As of 30 June 2023, the Group:

- had 344 (31 December 2022: 327) contracted non-commercial projects, with a contracted GFA of 71.1 million sq.m. (31 December 2022: 64.8 million sq.m.); and
- had 284 (31 December 2022: 269) non-commercial projects under management, with a GFA under management of 54.2 million sq.m. (31 December 2022: 47.6 million sq.m.).

The table below sets forth the change in the Group's contracted non-commercial projects and non-commercial projects under management as of the dates indicated.

	As of 30 June 2023		As of 31 December 2022	
	Contracted projects	Projects under management	Contracted projects	Projects under management
Non-commercial projects	344	284	327	269

## MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth the Group's contracted GFA and GFA under management of non-commercial projects as of the dates indicated.

	As of 30 June 2023		As of 31 December 2022	
	Contracted GFA (sq.m. in thousands)	GFA under management (sq.m. in thousands)	Contracted GFA (sq.m. in thousands)	GFA under management (sq.m. in thousands)
Non-commercial projects	71,095	54,201	64,799	47,588

For the Period, the average property management fee of residential projects remained stable at RMB2.7/sq.m./month (for the six months ended 30 June 2022 (the "Corresponding Period"): RMB2.7/sq.m./month).

The table below sets forth the Group's average property management fee of residential projects for the periods indicated.

	Six months ended 30 June	
	2023 (RMB/sq.m./month)	2022 (RMB/sq.m./month)
Residential projects	2.7	2.7

The development of the Group's value-added services was driven by five major business platforms:

- The new retail platform continued to optimise its products mix and innovate its business. It recorded a significant increase in the average revenue per household.
- The home decoration platform further enhanced the strength of its products, improved service quality and enhanced its market competitiveness.
- The property agency platform focused on building up its sales channel to expand market coverage and increase penetration into different communities by its stores, leading to significant growth in leasing and sales of existing properties.
- The community commercial service platform continued to refine its operations and successfully progressed external business expansion.
- The intelligent services platform won bids for multiple third-party projects, and expanded its businesses, including hardware equipment sales and communication engineering, while continuing to develop business models in relation to community intelligent services.

## MANAGEMENT DISCUSSION AND ANALYSIS

### COMMERCIAL PROPERTY MANAGEMENT AND OPERATIONAL SERVICES

As of 30 June 2023, the Group:

- had 72 (31 December 2022: 60) contracted commercial projects, with a contracted GFA of 6.4 million sq.m. (31 December 2022: 5.8 million sq.m.); and
- had 62 (31 December 2022: 54) commercial projects under management, with a GFA under management of 4.6 million sq.m. (31 December 2022: 4.1 million sq.m.).

The table below sets forth the change in the Group's number of contracted commercial projects and commercial projects under management as of the dates indicated.

	As of 30 June 2023		As of 31 December 2022	
	Contracted projects	Projects under management	Contracted projects	Projects under management
Commercial projects	72	62	60	54

The table below sets forth the Group's contracted GFA and GFA under management in its commercial projects as of the dates indicated.

	As of 30 June 2023		As of 31 December 2022	
	Contracted GFA (sq.m. in thousands)	GFA under management	Contracted GFA (sq.m. in thousands)	GFA under management
Commercial projects	6,395	4,561	5,798	4,101

For the Period, the average management fee for office buildings and shopping malls remained stable at RMB20.5/sq.m./month (Corresponding Period: RMB21.9/sq.m./month) and RMB36.6/sq.m./month (Corresponding Period: RMB36.8/sq.m./month) respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth the Group's average property management fee at commercial projects for the periods indicated.

	Six months ended 30 June	
	2023 (RMB/sq.m./month)	2022 (RMB/sq.m./month)
Office buildings	20.5	21.9
Shopping malls	36.6	36.8

The Group continued to refine its high-end commercial property management services, aiming to set a benchmark for differentiated services and provide customised, one-stop services. The Group actively developed and improved its facilities management business, including conference services, safety management, office environment and equipment management. The Group also developed innovative products and services, including Yue Coffee, Yue Space and MINI LAB.

For the period, the Group received various awards and recognitions, including:

- awarded the "14th amongst the Top 100 Property Management Companies in China for 2023 (2023中國物業服務百強企業第14位)", "10th amongst China's Listed Property Management Companies in terms of Overall Strength for 2023 (2023中國物業服務上市公司綜合實力第10位)", "7th amongst China's Property Management Exceptional Companies in terms of ESG Development for 2023 (2023中國物業服務ESG發展優秀企業第7位)", and "China's Leading Property Management Companies in terms of Service Quality for 2023 (2023中國物業服務品質領先企業)" by the China Index Academy; and
- awarded the "Excellence in ESG Governance Award (卓越ESG管治表現大獎)" and "Excellence in Social Sustainability Award (卓越社會表現大獎)" by "Ming Pao".

## MANAGEMENT DISCUSSION AND ANALYSIS

### OUTLOOK

The Group continues to be committed to provide high quality services on a long-term basis to the communities, while constantly improving the Group's development, operational and management standards. In the future, the Group will focus on "improving property management services, enhancing value-added services, and diversifying business expansion" as the goal of work – by continuing to improve service quality, diversifying its value-added business, accelerating the expansion of its property management business, and using digitalization to improve the quality and efficiency of our services.

#### IMPROVING PROPERTY MANAGEMENT SERVICES

The Group will continue to strengthen the fundamentals of its property management services and facilitate the implementation of its product lines, and step up its effort to develop distinctive services in order to improve brand image and reputation. The Group will also focus on quality improvement by remedying relevant issues, addressing customer demands, and enhancing its service capabilities, in order to improve the Group's relationship with its customers.

#### ENHANCING VALUE-ADDED SERVICES

The Group will focus on its five value-added service platforms identified above (i.e. property agency, new retail, home decoration, community commercial service and intelligence). This will include developing distinctive and productive value-added services and products for communities and optimizing the Group's supply chain, in order to enhance our customers' quality of life.

#### DIVERSIFYING BUSINESS EXPANSION

The Group will continue to add impetus to the expansion of its business scale via market expansion, strategic joint ventures, cooperations and mergers and acquisitions.

Meanwhile, the Group will further integrate high-quality resources, build up its market presence for managing new types of properties, enhance its advantages in managing existing types of properties, and develop its premium services offerings – all with the aim of improving the Group's service capabilities, market competitiveness and operation capabilities, in order to be a trusted service company for its customers.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### REVENUE

For the Period, the Group's revenue amounted to RMB1,511.8 million (Corresponding Period: RMB1,089.9 million), representing a year-on-year increase of 38.7%.

The Group's revenue was derived from two major business segments: (i) non-commercial property management and value-added services; and (ii) commercial property management and operational services. The increase in the Group's revenue for the Period was mainly due to the increase in revenue from non-commercial property management and value-added services, as further detailed below.

The table below sets forth a breakdown of the Group's revenue by business segment for the periods indicated.

	Six months ended 30 June			
	2023		2022	
	RMB'000	%	RMB'000	%
Non-commercial property management and value-added services	1,210,790	80.1	810,515	74.4
Commercial property management and operational services	301,056	19.9	279,423	25.6
<b>Total</b>	<b>1,511,846</b>	<b>100.0</b>	<b>1,089,938</b>	<b>100.0</b>

The table below sets forth the breakdown of the Group's revenue by type of ultimate paying customer for the periods indicated.

	Six months ended 30 June			
	2023		2022	
	RMB'000	%	RMB'000	%
GZYX, Yuexiu Property and their respective joint ventures, associates or other related parties <sup>(1)</sup>	701,894	46.4	487,335	44.7
Independent Third Parties <sup>(2)</sup>	809,952	53.6	602,603	55.3
<b>Total</b>	<b>1,511,846</b>	<b>100.0</b>	<b>1,089,938</b>	<b>100.0</b>

Notes:

- (1) Comprises Guangzhou Yue Xiu Holdings Limited\* (廣州越秀集團股份有限公司) ("GZYX"), Yuexiu Property, both being the controlling shareholders (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) of the Company, and their respective joint ventures, associates or other related parties.
- (2) Comprises entities and individuals who were not a connected person (as defined in the Listing Rules) of the Company ("Independent Third Parties").

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group generally provided property management services to Independent Third Party customers who are property owners, residents, tenants, property owners' associations and property developers after the delivery of properties by property developers which were GZYX and Yuexiu Property and their respective joint ventures, associates or other related parties or Independent Third Parties. During the Period, the Group's revenue received from GZYX, Yuexiu Property and their respective joint ventures, associates or other related parties increased by RMB214.6 million or 44.0% as compared to RMB487.3 million for the Corresponding Period. Such increase was mainly attributable to the continuous business expansion of cooperative property developers and their continued engagement of the Group's services.

The table below sets forth the geographical breakdown of the Group's revenue for the periods indicated.

	Six months ended 30 June			
	2023		2022	
	RMB'000	%	RMB'000	%
Mainland China	1,471,857	97.4	1,056,928	97.0
Hong Kong	39,989	2.6	33,010	3.0
<b>Total</b>	<b>1,511,846</b>	<b>100.0</b>	<b>1,089,938</b>	<b>100.0</b>

### (I) *Non-commercial property management and value-added services*

For the Period, revenue from non-commercial property management and value-added services amounted to RMB1,210.8 million (Corresponding Period: RMB810.5 million), representing a year-on-year increase of 49.4%. The increase is mainly attributable to the following factors:

- (i) the number of non-commercial projects under management increased to 284 and the GFA under management increased to 54.2 million sq.m. as of 30 June 2023;
- (ii) revenue from value-added services to non-property owners increased from RMB171.8 million for the Corresponding Period to RMB352.4 million for the Period, representing an increase of 105.1%. The increase was mainly due to growing demand for services from cooperative property developers amid the gradual stabilization of cyclic fluctuations in the China property market, coupled with the introduction of intelligent services in the second half of 2022; and
- (iii) revenue from community value-added services increased from RMB243.9 million for the Corresponding Period to RMB400.5 million for the Period, representing an increase of 64.2%. The increase was mainly attributable to the increase in customer base as a result of the expansion of GFA under management of non-commercial properties and the diversification of community user services offered to customers.

## MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth the breakdown of the Group's revenue from this business segment by type of services for the periods indicated.

	Six months ended 30 June			
	2023		2022	
	RMB'000	%	RMB'000	%
Property management services	457,936	37.8	394,779	48.7
Value-added services to non-property owners	352,380	29.1	171,833	21.2
Community value-added services	400,474	33.1	243,903	30.1
<b>Total</b>	<b>1,210,790</b>	<b>100.0</b>	<b>810,515</b>	<b>100.0</b>

### (II) Commercial property management and operational services

For the Period, revenue from commercial property management and operational services amounted to RMB301.1 million (Corresponding Period: RMB279.4 million), representing a year-on-year increase of 7.7%. The increase was mainly because the number of commercial projects under its management increased to 62, and the GFA under management increased to 4.6 million sq.m. as of 30 June 2023.

The table below sets forth the breakdown of the Group's revenue from this business segment by type of services for the periods indicated.

	Six months ended 30 June			
	2023		2022	
	RMB'000	%	RMB'000	%
Commercial operation and management services	250,881	83.3	205,274	73.5
Market positioning consultancy and tenant sourcing services	50,175	16.7	74,149	26.5
<b>Total</b>	<b>301,056</b>	<b>100.0</b>	<b>279,423</b>	<b>100.0</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### COST OF SALES

The Group's cost of sales represents costs and expenses directly attributable to the provision of its services, which mainly comprises staff costs, subcontracting costs, cost of goods sold, maintenance costs and depreciation and amortisation charges.

During the Period, cost of sales of the Group was RMB1,086.9 million (Corresponding Period: RMB744.7 million), representing a year-on-year increase of 46.0%. The increase in cost of sales was mainly attributable to the expansion of the GFA under management, the expansion of business scale during the Period and the increase in various types of costs with the diversification of value-added services.

For the Period, staff costs under cost of sales amounted to RMB425.5 million (Corresponding Period: RMB361.9 million), representing a year-on-year increase of 17.6%. Such increase was in line with the Group's business development activities for the Period.

### GROSS PROFIT AND GROSS PROFIT MARGIN

The following table sets forth the Group's gross profit and gross profit margin by business segments for the periods indicated.

	Six months ended 30 June			
	2023		2022	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
<b>Non-commercial property management and value-added services</b>	<b>330,077</b>	<b>27.3</b>	251,067	31.0
– Property management services	73,261	16.0	78,800	20.0
– Value-added services to non-property owners	114,488	32.5	80,190	46.7
– Community value-added services	142,328	35.5	92,077	37.8
<b>Commercial property management and operational services</b>	<b>94,885</b>	<b>31.5</b>	94,216	33.7
– Commercial operation and management services	74,074	29.5	60,646	29.5
– Market positioning consultancy and tenant sourcing services	20,811	41.5	33,570	45.3
<b>Total</b>	<b>424,962</b>	<b>28.1</b>	345,283	31.7

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's overall gross profit margin was primarily affected by its business mix, average property management fee rates it charged for property management services, geographic concentration of GFA under management and cost control capabilities. The Group's gross profit increased from RMB345.3 million for the Corresponding Period to RMB425.0 million for the Period. The overall gross profit margin of the Group decreased from 31.7% for the Corresponding Period to 28.1% for the Period.

The gross profit margin for non-commercial property management and value-added services decreased from 31.0% for the Corresponding Period to 27.3% for the Period, mainly due to the Group's expansion of business scale and development of value-added services, which are currently in the growth stage, resulting in a decrease in the overall gross profit margin of this segment.

The gross profit margin for commercial property management and operational services decreased from 33.7% for the Corresponding Period to 31.5% for the Period, primarily due to the pricing of market positioning and management consultancy services with reference to factors such as occupancy rate and rental unit price. As the occupancy rate of the newly opened projects stabilized, the average gross profit margin for these business portfolios slightly decreased during the Period.

### ADMINISTRATIVE EXPENSES

The Group's administrative expenses mainly comprise staff costs, consultancy fees, depreciation and amortisation charges, travelling and entertainment expenses, and bank charges. For the Period, administrative expenses amounted to RMB127.2 million (Corresponding Period: RMB100.9 million), representing a year-on-year increase of 26.1%.

### OTHER INCOME

The Group's other income primarily consists of additional value-added tax deduction and government grants. For the Period, other income amounted to RMB9.3 million (Corresponding Period: RMB10.4 million).

### OTHER (LOSSES)/GAINS - NET

The Group's net other losses primarily consist of net foreign exchange losses. For the Period, the Group's net other losses amounted to RMB2.4 million (Corresponding Period: net other gains amounted to RMB11.0 million). Foreign exchange losses of RMB3.1 million were recorded for the Period.

### FINANCE INCOME - NET

The Group's net finance income primarily consists of interest income from bank deposits and interest expense of lease liabilities. For the Period, net finance income amounted to RMB49.2 million (Corresponding Period: RMB29.7 million), representing a year-on-year increase of 65.6%. Such increase was primarily due to the Group's effective management and utilization of funds, which led to higher capital yields.

### INCOME TAX EXPENSES

For the Period, income tax expenses of the Group were RMB94.4 million (Corresponding Period: RMB78.5 million), representing a year-on-year increase of 20.3%, which was in line with the growth in profit before income tax.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROFIT FOR THE PERIOD

For the Period, net profit of the Group amounted to RMB256.4 million (Corresponding Period: RMB215.7 million), representing a year-on-year increase of 18.9%. Net profit margin for the Period was 17.0% (Corresponding Period: 19.8%), representing a year-on-year decrease of 2.8 percentage points, mainly attributable to the Group's continuous business development and business structure adjustment.

### PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

During the Period, profit attributable to owners of the Company was RMB247.7 million (Corresponding Period: RMB210.8 million), representing a year-on-year increase of 17.5%. Basic earnings per share amounted to RMB0.16 (Corresponding Period: RMB0.14).

### RIGHTS-OF-USE ASSETS

The Group's right-of-use assets are mainly related to the lease contracts for buildings and parking lots it used for operations. As of 30 June 2023, the Group's right-of-use assets amounted to RMB105.0 million (31 December 2022: RMB76.4 million). Such increase was primarily attributable to renewed and newly contracted buildings and parking lots used for operations, and depreciation over time.

### FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As of 30 June 2023, the Group had financial assets at fair value through other comprehensive income of RMB33.4 million (31 December 2022: RMB32.2 million), which comprised of the Group's investments in:

- 5% equity interests in Guangzhou Construction & Development Property Holdings Mingte Network Development Co., Ltd. (廣州市城建開發集團名特網絡發展有限公司), which is principally engaged in development and installation of intelligence and information management systems and services; and
- 10% equity interests in Guangzhou Yuetou Commercial Factoring Co., Ltd. (廣州越投商業保理有限公司), which is principally engaged in provision of commercial factoring and other related financial services in the mainland China.

### TRADE RECEIVABLES

The Group's trade receivables increased from RMB603.6 million as of 31 December 2022 to RMB794.1 million as of 30 June 2023, representing an increase of 31.6%, mainly attributable to the continuous expansion of the Group's business scale.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OTHER RECEIVABLES

The Group's other receivables mainly comprise property management costs recoverable, payments on behalf of residents and tenants and guarantee deposits paid in relation to the provision of property management services. The Group's other receivables decreased to RMB324.7 million as of 30 June 2023 from RMB336.5 million as of 31 December 2022, representing a decrease of 3.5%, mainly due to our intensified efforts in collecting receivables during the Period.

### TRADE PAYABLES

The Group's trade payables increased from RMB353.1 million as of 31 December 2022 to RMB438.8 million as of 30 June 2023, representing an increase of 24.3%, mainly due to the continuous business development of the Group.

### OTHER PAYABLES

The Group's other payables primarily consist of advances received from property owners and tenants for settlement of costs to be incurred in relation to property management services provided under a commission basis, performance guarantee deposits received from other service providers, renovation and utility security deposits received from property owners and tenants, accrued payroll liabilities and other tax payables. The Group's other payables as of 31 December 2022 and 30 June 2023 were RMB1,233.5 million and RMB1,316.5 million, respectively. The increase was mainly due to the distribution of final dividend for the year ended 31 December 2022 totaling RMB153.0 million. The final dividend for the year ended 31 December 2022 was paid on 6 July 2023.

### LIQUIDITY AND CAPITAL RESOURCES

The Group finances its working capital mainly by its cash and cash equivalents, cashflows from its operating activities and a portion of the proceeds from the Global Offering (as defined below). The Group has adopted comprehensive treasury policies and internal control measures to review and monitor its financial resources, and has maintained stable financial conditions and sufficient liquidity throughout. The Group's net current assets position improved from RMB3,397.1 million as of 31 December 2022 to RMB3,557.9 million as of 30 June 2023.

As of 30 June 2023, the Group's cash and cash equivalents amounted to RMB4,619.6 million (31 December 2022: RMB4,360.8 million). The increase was mainly attributable to the increments from operating activities.

As of 30 June 2023, the Group had no bank borrowings (31 December 2022: Nil). As of 30 June 2023, the Group had lease liabilities of RMB108.4 million (31 December 2022: RMB78.8 million). The increase was mainly attributable to renewed and newly contracted buildings and parking lots used for operation.

The gearing ratio is calculated based on total bank borrowings divided by total equity, multiplied by 100%. Since the Group had no bank borrowings as of 31 December 2022 and 30 June 2023, the gearing ratios as of both aforesaid dates were nil.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the Main Board of the Stock Exchange by way of global offering (the "Global Offering") on 28 June 2021 (the "Listing Date"). Pursuant to the Global Offering, 369,660,000 Shares were issued on the Listing Date and 43,410,500 additional Shares were issued on 26 July 2021 according to the partial exercise of the over-allotment option (the "Over-allotment Option") as described in the Company's prospectus dated 16 June 2021 (the "Prospectus").

After deducting the underwriting fees and commissions, incentive fee and other relevant expenses, the net proceeds from the Global Offering and the exercise of the Over-allotment Option amounted to HKD1,961.3 million (equivalent to RMB1,632.0 million). As of 30 June 2023, the Group has utilised the net proceeds as follows:

Category	Intended use of proceeds RMB'000	Percentage of total proceeds %	Actual use of proceeds during the six months period ended 30 June 2023	Actual use of proceeds up to 30 June 2023	Unused proceeds up to 30 June 2023	Expected timeline for the intended use
			RMB'000	RMB'000	RMB'000	
Strategic acquisitions and investments	979,200	60	1,620	14,731 (Note 1)	964,469	By end of 2023
Further development of the Group's value-added services	244,800	15	7,037	41,788	203,012	By end of 2023
Developing information technology systems and smart communities	244,800	15	6,892	10,986	233,814	By end of 2023
Replenishing working capital and for general corporate purposes	163,200	10	47,392	95,854	67,346	By end of 2023
<b>Total</b>	<b>1,632,000</b>	<b>100</b>	<b>62,941</b>	<b>163,359</b>	<b>1,468,641</b>	

Note:

- (1) The Group has been identifying suitable acquisition opportunities during the Period and had used part of the funds to pursue and conduct feasibility studies and due diligence on potential acquisition targets.

The unused proceeds are expected to be used in accordance with the purposes set out in the Prospectus and are currently held as bank deposits. The Group will continue to monitor the use of proceeds and will announce if there is any plan to change the intended timetable and use as and when appropriate in accordance with the requirements of the Listing Rules.

## MANAGEMENT DISCUSSION AND ANALYSIS

The principal operating entities of the Group are based in the mainland China and their operating activities are transacted in RMB. Foreign exchange risk mainly arises from the proceeds from the Global Offering held by the Group, which have not been converted into RMB. The Group adopts a balanced strategy to control its foreign exchange risk in respect of its bank deposits denominated in Hong Kong dollars. It is expected that a part of the bank deposits will be converted into RMB in order to gain a higher interest income and reduce the foreign exchange exposure, while the other part of the bank deposits will be maintained in Hong Kong dollars for payment of cash dividend and day-to-day working capital for operations in Hong Kong and outside of the mainland China in the future.

### PLEDGE OF ASSETS

As of 30 June 2023, no assets of the Group were pledged as securities for liabilities.

### MAJOR ACQUISITION AND DISPOSALS

During the Period, the Company did not have any major acquisition or disposal of subsidiaries and associated companies.

### MAJOR INVESTMENTS

As of 30 June 2023, the Group did not hold any significant investment.

### CONTINGENT LIABILITIES

As of 30 June 2023, the Group did not have any material contingent liabilities.

### CAPITAL COMMITMENT AND CAPITAL EXPENDITURE

As of 30 June 2023, the Group did not have any capital commitment.

The Group's capital expenditure for the year ending 31 December 2023 is expected to be financed by proceeds from the Global Offering and working capital generated from the operating activities of the Group.

## EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2023, the Group had a total of 13,538 full-time employees in the mainland China and Hong Kong. Total staff costs for the Period amounted to RMB520.4 million.

The Group regularly reviews remuneration and benefits of its employees according to market practice and the relevant employee's performance. The Group also (in accordance with applicable laws and regulations) provides various insurance coverage (including pension insurance, medical insurance, unemployment insurance, maternity insurance and occupational injury insurance), housing provident funds (in the mainland China) and mandatory provident funds (in Hong Kong) for its employees.

The Group has also implemented various talent development and acquisition policies, in order to recruit and retain high-quality employees and their expertise and experience. For example, the Yuexiu Property Management Training & Development Academy (越秀物業培訓發展學院) provides employees with comprehensive training courses, including management skill enhancement, qualification test tutoring and professional skill training.

## MANAGEMENT DISCUSSION AND ANALYSIS

### EVENTS AFTER THE REPORTING PERIOD

There were no significant events affecting the Group since 30 June 2023 and up to the date of this report.

### INTERIM DIVIDEND

The Board has resolved to declare an interim dividend for 2023 of HKD0.089 per share (equivalent to RMB0.081 per share) (2022 interim: Nil) to shareholders whose names appear on the Register of Members of the Company on Thursday, 7 September 2023. The interim dividend will be distributed to shareholders on or around Friday, 22 September 2023.

Dividends payable to shareholders will be paid in HKD. The exchange rate adopted by the Company for its dividend payable is the average middle exchange rate of HKD against RMB announced by the People's Bank of China ("PBOC") in the five business days preceding the date of dividend declaration.

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

**To the Board of Directors of Yuexiu Services Group Limited**

*(incorporated in Hong Kong with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 20 to 51, which comprises the interim condensed consolidated balance sheet of Yuexiu Services Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2023 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated cash flow statement for the six-month period then ended, and selected explanatory notes. 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" issued by the Hong Kong Institute of Certified Public Accountants. 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, 22 August 2023

# INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Unaudited Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Revenue	6	1,511,846	1,089,938
Cost of sales	7	(1,086,884)	(744,655)
<b>Gross profit</b>		<b>424,962</b>	345,283
Administrative expenses	7	(127,162)	(100,867)
Net impairment losses on financial and contract assets		(2,954)	(1,711)
Other income	8	9,260	10,439
Other (losses)/gains - net	9	(2,435)	11,032
<b>Operating profit</b>		<b>301,671</b>	264,176
Finance income		51,641	31,340
Finance costs		(2,444)	(1,640)
Finance income - net	10	49,197	29,700
Share of results of a joint venture		28	282
<b>Profit before income tax</b>		<b>350,896</b>	294,158
Income tax expenses	11	(94,447)	(78,485)
<b>Profit for the period</b>		<b>256,449</b>	215,673
<b>Profit is attributable to:</b>			
– Owners of the Company		247,691	210,800
– Non-controlling interests		8,758	4,873
		<b>256,449</b>	215,673
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company</b> (expressed in RMB per share)			
– Basic and diluted	12	0.16	0.14

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Unaudited Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
<b>Profit for the period</b>		<b>256,449</b>	215,673
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified to profit or loss</i>			
– Exchange differences on translation of foreign operations		720	3,665
<i>Items that will not be reclassified to profit or loss</i>			
– Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax		1,024	(436)
<b>Other comprehensive income for the period, net of tax</b>		<b>1,744</b>	3,229
<b>Total comprehensive income for the period</b>		<b>258,193</b>	218,902
<b>Total comprehensive income for the period is attributable to:</b>			
– Owners of the Company		249,435	214,029
– Non-controlling interests		8,758	4,873
		<b>258,193</b>	218,902

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

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2023

	Note	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	35,590	36,515
Right-of-use assets	15	104,983	76,394
Intangible assets	16	339,038	344,253
Interest in a joint venture		961	933
Financial assets at fair value through other comprehensive income	17	33,397	32,156
Deferred income tax assets		11,402	10,858
Restricted cash		12,887	29,147
		<b>538,258</b>	<b>530,256</b>
<b>Current assets</b>			
Inventories		9,848	6,301
Contract assets		45,013	37,518
Trade receivables	18	794,136	603,560
Other receivables and prepayments	19	393,421	381,217
Prepaid income taxes		19,028	24,097
Cash and cash equivalents		4,619,570	4,360,789
Restricted cash		19,092	4,108
		<b>5,900,108</b>	<b>5,417,590</b>
<b>Total assets</b>		<b>6,438,366</b>	<b>5,947,846</b>
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	20	2,543,048	2,543,048
Other reserves	21	(311,970)	(332,519)
Retained earnings	21	1,096,239	1,012,036
		<b>3,327,317</b>	<b>3,222,565</b>
<b>Non-controlling interests</b>		<b>179,214</b>	<b>168,661</b>
<b>Total equity</b>		<b>3,506,531</b>	<b>3,391,226</b>

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2023

	Note	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Contract liabilities		463,388	439,308
Deferred income tax liabilities		66,341	58,747
Lease liabilities	15	59,938	38,062
		<b>589,667</b>	<b>536,117</b>
<b>Current liabilities</b>			
Trade payables	22	438,847	353,107
Other payables	23	1,316,501	1,233,528
Contract liabilities		496,287	355,690
Lease liabilities	15	48,507	40,774
Current income tax liabilities		42,026	37,404
		<b>2,342,168</b>	<b>2,020,503</b>
<b>Total liabilities</b>		<b>2,931,835</b>	<b>2,556,620</b>
<b>Total equity and liabilities</b>		<b>6,438,366</b>	<b>5,947,846</b>

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Unaudited						
	Note	Attributable to owners of the Company				Non-controlling interests	Total equity
		Share capital	Other reserves	Retained earnings	Total		
	RMB'000 (Note 20)	RMB'000 (Note 21)	RMB'000 (Note 21)	RMB'000	RMB'000	RMB'000	
<b>Balance at 1 January 2023</b>		2,543,048	(332,519)	1,012,036	3,222,565	168,661	3,391,226
<b>Comprehensive income</b>							
Profit for the period		—	—	247,691	247,691	8,758	256,449
Other comprehensive income		—	1,744	—	1,744	—	1,744
		—	1,744	247,691	249,435	8,758	258,193
<b>Transactions with owners in their capacity as owners</b>							
Appropriation of statutory reserves		—	15,861	(15,861)	—	—	—
Contribution from non-controlling interests		—	—	—	—	1,795	1,795
Dividend provided		—	—	(147,627)	(147,627)	—	(147,627)
Share option scheme – value of services		—	2,944	—	2,944	—	2,944
		—	18,805	(163,488)	(144,683)	1,795	(142,888)
<b>Balance at 30 June 2023</b>		2,543,048	(311,970)	1,096,239	3,327,317	179,214	3,506,531

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Unaudited						
	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total			
	Note	RMB'000 (Note 20)	RMB'000 (Note 21)	RMB'000 (Note 21)	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2022</b>		2,543,048	(366,854)	755,575	2,931,769	158,687	3,090,456
<b>Comprehensive income</b>							
Profit for the period		—	—	210,800	210,800	4,873	215,673
Other comprehensive income		—	3,229	—	3,229	—	3,229
		—	3,229	210,800	214,029	4,873	218,902
<b>Transactions with owners in their capacity as owners</b>							
Appropriation of statutory reserves		—	26,872	(26,872)	—	—	—
Contribution from non-controlling interests		—	—	—	—	400	400
Dividend provided		—	—	(132,049)	(132,049)	—	(132,049)
		—	26,872	(158,921)	(132,049)	400	(131,649)
<b>Balance at 30 June 2022</b>		2,543,048	(336,753)	807,454	3,013,749	163,960	3,177,709

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

# INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	370,441	443,605
Income tax paid	(77,923)	(61,563)
<b>Net cash generated from operating activities</b>	<b>292,518</b>	<b>382,042</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(7,291)	(9,062)
Purchases of intangible assets	(1,210)	(1,463)
Proceeds from disposal of property, plant and equipment	10	472
<b>Net cash used in investing activities</b>	<b>(8,491)</b>	<b>(10,053)</b>
<b>Cash flows from financing activities</b>		
Contributions from non-controlling interest	1,795	400
Dividends paid	—	(1,560)
Principal elements and interest elements of lease payments	(29,235)	(35,272)
<b>Net cash used in financing activities</b>	<b>(27,440)</b>	<b>(36,432)</b>
<b>Net increase in cash and cash equivalents</b>	<b>256,587</b>	<b>335,557</b>
Cash and cash equivalents at beginning of period	4,360,789	3,803,434
Effect of exchange rate changes on cash and cash equivalents	2,194	10,588
<b>Cash and cash equivalents at end of period</b>	<b>4,619,570</b>	<b>4,149,579</b>

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

# NOTES TO THE INTERIM FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

Yuexiu Services Group Limited (the "Company") and its subsidiaries (together, the "Group") are primarily engaged in the provision of non-commercial property management and value-added services and commercial property management and operational services in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in Hong Kong on 8 October 2020. The address of its registered office is 26/F, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.

The Group was spun off from Yuexiu Property Company limited ("Yuexiu Property") and separately listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 June 2021. After the listing of the Company, Yuexiu Property remains the controlling shareholder of the Group.

This interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This interim financial information was approved for issue by the board of directors on 22 August 2023.

This interim financial information has not been audited.

## 2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard ("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 2022 and any public announcements made by the Company during the interim reporting period.

The financial information relating to the year ended 31 December 2022 that is included in the interim financial information for the six months ended 30 June 2023 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those in the preparation of the Group's financial statements for the year ended 31 December 2022, except for adoption of new and amended standards as set out below:

- (a) The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023:

Hong Kong Financial Reporting Standard ("HKFRS") 17 (Amendments)	Insurance Contracts
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The Group has changed its accounting policies following the adoption of HKAS 12 (Amendments). From the effective date on 1 January 2023, the Group recognised deferred income tax assets and deferred income tax liabilities for the temporary differences arising on leases that gave rise to equal amounts of taxable and deductible temporary differences on initial recognition date.

Except for HKAS 12 (Amendments), the other standards, amendments and interpretation did not have a material impact or are not relevant to the Group.

(b) **New and amended standards and interpretation not yet adopted by the Group**

Certain new and amended standards have been issued and are not effective for financial year beginning 1 January 2023 and have not been early adopted by the Group. None of these is expected to have a significant effect on the Group.

		Effective for accounting periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current liabilities with covenants	1 January 2024
HKFRS 16 (Amendments)	Lease liability in sale and leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of 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 interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

### 5 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements for the year ended 31 December 2022.

There have been no significant changes in any risk management policies since year end.

### 6 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors. Management determines the operating segments based on the Group's internal reports, which are then submitted to the executive directors for performance assessment and resources allocation.

For management purpose, the executive directors considered the nature of the Group's services and determined that the Group has two reportable operating segments as follows:

#### – Non-commercial property management and value-added services

The Group provides non-commercial property management and value-added services, covering (a) non-commercial property management services including cleaning, security, gardening and repair and maintenance services; (b) value-added services to non-property owners, including sales office and display unit management and pre-delivery support services, carpark space sales assistance services, ancillary property leasing services, preliminary planning and design consultancy services and other value-added services; (c) community value-added services to meet the needs of property owners and residents of residential properties under the Group's management including home-living services, space operation services, decoration services and other community value-added services.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 6 SEGMENT INFORMATION (continued)

#### – Commercial property management and operational services

The Group is engaged in (a) commercial operation and management services, covering commercial property management services and other value-added services; (b) market positioning consultancy and tenant sourcing services, including market positioning and management consultancy services and tenant sourcing services.

Segment results represent the profit earned by each segment without other income, other gains/(losses) – net, unallocated operating costs, finance income – net and income tax expense. Revenue recognized at a point in time from contracts with customers mainly represents commission income from carpark space sales assistance services and revenue from sales of goods. Other revenue from contracts with customers is recognized over time.

Segment assets and liabilities are measured in the same way as in the interim financial information. These assets and liabilities are allocated based on the operations of the segment. The Group's financial assets at fair value through other comprehensive income ("FVOCI"), prepaid income taxes, deferred income tax assets, deferred income tax liabilities, current income tax liabilities and other corporate assets and liabilities are not directly attributable to segments.

The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the interim condensed consolidated income statement.

The Group had a large number of customers, other than ultimate holding company, intermediate holding company, fellow subsidiaries, associates and joint ventures of Yuexiu Property and non-controlling interest of Yuexiu Property and its subsidiaries, none of the customers contributed 10% or more of the Group's revenue for the six-month period ended 30 June 2023 (Six-month period ended 30 June 2022: Nil).

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 6 SEGMENT INFORMATION (continued)

The following table presents revenue and results regarding the Group's operating and reportable segments for the six months ended 30 June 2023 and 30 June 2022 respectively.

	Non-commercial property management and value- added services RMB'000	Commercial property management and operational services RMB'000	Group RMB'000
<b>Six months ended 30 June 2023</b>			
<b>Revenue from contracts with customers recognized</b>			
– At a point in time	343,751	—	343,751
– Over time	866,897	300,567	1,167,464
<b>Revenue from other sources</b>	142	489	631
<b>Total revenue</b>	1,210,790	301,056	1,511,846
<b>Segment results</b>	225,685	76,691	302,376
Other income			9,260
Other losses - net			(2,435)
Unallocated operating costs			(7,502)
Finance income - net			49,197
Income tax expenses			(94,447)
<b>Profit for the period</b>			256,449
<b>Segment results include:</b>			
Depreciation	15,904	19,707	35,611
Amortization	6,425	—	6,425
Net impairment losses/(reversal of impairment losses) on financial and contract assets	3,142	(188)	2,954
Share of results of a joint venture	28	—	28

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 6 SEGMENT INFORMATION (continued)

	Non-commercial property management and value- added services RMB'000	Commercial property management and operational services RMB'000	Group RMB'000
<b>Six months ended 30 June 2022</b>			
<b>Revenue from contracts with customers recognized</b>			
– At a point in time	99,376	—	99,376
– Over time	711,139	278,993	990,132
<b>Revenue from other sources</b>	—	430	430
<b>Total revenue</b>	810,515	279,423	1,089,938
<b>Segment results</b>	176,547	76,395	252,942
Other income			10,439
Other gains - net			11,032
Unallocated operating costs			(9,955)
Finance income - net			29,700
Income tax expenses			(78,485)
<b>Profit for the period</b>			215,673
<b>Segment results include:</b>			
Depreciation	16,853	22,808	39,661
Amortization	6,320	—	6,320
Net impairment losses/(reversal of impairment losses) on financial assets	2,786	(1,075)	1,711
Share of results of a joint venture	282	—	282

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 6 SEGMENT INFORMATION (continued)

An analysis of the Group's revenue by category for the six months ended 30 June 2023 and 2022 is as follows:

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
<b>Non-commercial property management and value-added services</b>		
– Property management services	457,936	394,779
– Value-added services to non-property owners	352,380	171,833
– Community value-added services	400,474	243,903
	<b>1,210,790</b>	<b>810,515</b>
<b>Commercial property management and operational services</b>		
– Commercial operation and management services	250,881	205,274
– Market positioning consultancy and tenant sourcing services	50,175	74,149
	<b>301,056</b>	<b>279,423</b>
	<b>1,511,846</b>	<b>1,089,938</b>

The segment assets and liabilities of the Group as at 30 June 2023 and 31 December 2022 are as follows:

	Non-commercial property management and value-added services		Commercial property management and operational services		Total	
	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
	Segment assets	4,193,766	3,572,655	1,058,848	966,418	5,252,614
Financial assets at FVOCI					33,397	32,156
Prepaid income taxes					19,028	24,097
Deferred income tax assets					11,402	10,858
Other corporate assets					1,121,925	1,341,662
Total assets					<b>6,438,366</b>	<b>5,947,846</b>
Segment liabilities	2,143,861	1,974,319	523,132	475,997	2,666,993	2,450,316
Deferred income tax liabilities					66,341	58,747
Current income tax liabilities					42,026	37,404
Other corporate liabilities					156,475	10,153
Total liabilities					<b>2,931,835</b>	<b>2,556,620</b>
Capital expenditure	10,196	60,033	56,215	32,545	66,411	92,578

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 7 OPERATING PROFIT

The following items have been charged to the operating profit during the period:

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Employee benefit expenses	520,406	442,316
Gardening and cleaning	176,051	115,958
Cost of goods sold	119,089	38,447
Subcontractor costs for decoration and other services	104,231	26,524
Maintenance costs	70,924	56,036
Depreciation and amortization charges	42,036	45,981
Utilities	41,914	29,101
Commission fees	36,187	27,382
Promotion and advertising	35,581	6,996
Short-term lease payments	17,733	7,107
Cost of consumables	13,811	17,599
Taxes and other levies expenses	6,996	4,617

### 8 OTHER INCOME

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Additional input value-added tax deduction	4,820	4,709
Government grants	3,159	4,165
Penalty income	1,281	885
Dividend income from financial assets at FVOCI	—	680
	9,260	10,439

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 9 OTHER (LOSSES)/GAINS - NET

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Net foreign exchange (losses)/gains	(3,137)	10,588
Net loss on disposal of property, plant and equipment	(35)	(12)
Others	737	456
	<b>(2,435)</b>	<b>11,032</b>

### 10 FINANCE INCOME - NET

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
<b>Finance income</b>		
Interest income from bank deposits	51,641	31,340
<b>Finance costs</b>		
Interest expense of lease liabilities	(2,444)	(1,640)
<b>Finance income - net</b>	<b>49,197</b>	<b>29,700</b>

### 11 INCOME TAX EXPENSES

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the period.
- (b) The general enterprise income tax rate in the mainland China is 25%. Certain operations of the Group in the PRC were qualified as "Small Low-Profit Enterprise" and taxed at the reduced tax rate of 20% from 1 January 2008. During the six-month period ended 30 June 2023, the "Small Low-Profit Enterprise" whose taxable income less than RMB3 million enjoy the preferential income tax treatment with the income tax rate of 20% and are eligible to have their tax calculated based on 25% of their taxable income.

According to the new Enterprise Income Tax Law of the PRC, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the Hong Kong holding companies satisfied the requirements of the tax treaty arrangements between the mainland China and Hong Kong.

Guangzhou Yueguan Intelligent Technology Co., Ltd. is qualified as a "High and New Technology Enterprise" in 2019. It is subject to a reduced preferential enterprise income tax rate of 15% since 1 January 2019.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 11 INCOME TAX EXPENSES (continued)

- (c) The amount of taxation charged to the interim condensed consolidated statement of comprehensive income comprises:

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
<b>Current taxation</b>		
Current income tax	87,614	70,039
Corporate withholding income tax	—	12,130
	<b>87,614</b>	<b>82,169</b>
<b>Deferred taxation</b>		
Deferred income tax	(4,631)	(1,118)
Corporate withholding income tax on undistributed profits	11,464	(2,566)
	<b>6,833</b>	<b>(3,684)</b>
	<b>94,447</b>	<b>78,485</b>

### 12 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares during the period.

The Company had potential dilutive ordinary shares outstanding during the six-month period ended 30 June 2023 due to the share option scheme(Note 21(b)) (six-month period ended 30 June 2022:Nil). Diluted earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares and potential ordinary shares during the six-month period ended 30 June 2023 and 2022.

	Unaudited Six months ended 30 June	
	2023	2022
Profit attributable to owners of the Company (RMB'000)	247,691	210,800
Weighted average number of ordinary shares (in thousands)	1,522,030	1,522,030
Basic and diluted earnings per share for profit attributable to the owners of the Company during the period (expressed in RMB per share)	<b>0.16</b>	0.14

Since the adjusted exercise price is higher than the average stock prices for the six-month period ended 30 June 2023, the inclusion of potential shares arising from share option scheme would be anti-dilutive. Accordingly, dilutive earnings per share for the six-month period ended 30 June 2023 is the same as basic earnings per share.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 13 DIVIDENDS

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
2022 final, declared and unpaid, of HKD0.109 equivalent to RMB0.097 (2021: HKD0.102 equivalent to RMB0.087) per ordinary share	147,627	132,766
2023 interim, proposed, of HKD0.089 equivalent to RMB0.081 (2022: Nil)	123,846	—

The interim dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date. It will be recognised in shareholders' equity during the year ending 31 December 2023.

### 14 PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and Leasehold					Construction in progress	Total
	Buildings	equipment	improvements	Vehicles			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Six months ended 30 June 2023</b>							
Opening net book amount as at 1 January 2023	4,309	30,441	619	1,146	—	—	36,515
Additions	—	7,140	—	151	—	—	7,291
Disposals	—	(388)	—	(28)	—	—	(416)
Depreciation charges	(95)	(7,300)	(183)	(222)	—	—	(7,800)
Closing net book amount as at 30 June 2023	4,214	29,893	436	1,047	—	—	35,590
<b>Six months ended 30 June 2022</b>							
Opening net book amount as at 1 January 2022	4,499	31,984	1,070	1,150	734	—	39,437
Additions	—	7,383	—	246	1,433	—	9,062
Disposals	—	(418)	(57)	(9)	—	—	(484)
Depreciation charges	(95)	(8,415)	(440)	(156)	—	—	(9,106)
Closing net book amount as at 30 June 2022	4,404	30,534	573	1,231	2,167	—	38,909

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 15 LEASES

Amounts recognized in the interim condensed consolidated balance sheet are as follows:

#### RIGHT-OF-USE ASSETS

	Properties RMB'000
<b>Six months ended 30 June 2023</b>	
Opening net book amount as at 1 January 2023	76,394
Additions	57,910
Termination	(1,510)
Depreciation charges	(27,811)
Closing net book amount as at 30 June 2023	<u>104,983</u>
<b>Six months ended 30 June 2022</b>	
Opening net book amount as at 1 January 2022	53,807
Additions	40,046
Depreciation charges	(30,555)
Closing net book amount as at 30 June 2022	<u>63,298</u>

#### LEASE LIABILITIES

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Current	48,507	40,774
Non-current	59,938	38,062
	<u>108,445</u>	<u>78,836</u>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 16 INTANGIBLE ASSETS

	Goodwill RMB'000	Customer relationships RMB'000	Software RMB'000	Total RMB'000
<b>Six months ended 30 June 2023</b>				
Opening net book amount as at 1 January 2023	260,408	72,762	11,083	344,253
Additions	—	—	1,210	1,210
Amortization	—	(4,707)	(1,718)	(6,425)
Closing net book amount as at 30 June 2023	260,408	68,055	10,575	339,038
<b>Six months ended 30 June 2022</b>				
Opening net book amount as at 1 January 2022	253,332	82,175	10,376	345,883
Additions	—	—	1,463	1,463
Amortization	—	(4,707)	(1,613)	(6,320)
Closing net book amount as at 30 June 2022	253,332	77,468	10,226	341,026

### 17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides judgements and estimates made by the Group in determining the fair values of the financial instruments.

#### (a) 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.

**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. The quoted market price used for financial assets held by the Group is the current bid price. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk. These instruments are included in level 1.

**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 and for instruments where ESG risk gives rise to a significant unobservable adjustment.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

#### (a) Fair value hierarchy (continued)

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2023 and 31 December 2022 on a recurring basis:

	Unaudited As at 30 June 2023 RMB'000 Level 3	Audited As at 31 December 2022 RMB'000 Level 3
<b>FVOCI</b>		
Unlisted equity instruments		
– Guangzhou Yuetou Commercial Factoring Co. Ltd.	31,622	30,530
– Guangzhou Construction & Development Property Holdings Mingte Network Development Co., Ltd.	1,775	1,626
	<b>33,397</b>	<b>32,156</b>

#### (b) Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in level 3 instruments for the six months ended 30 June 2023:

	FVOCI RMB'000
Opening balance	32,156
Gains recognized in other comprehensive income	1,241
Closing balance	<b>33,397</b>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

#### (b) Fair value measurements using significant unobservable inputs (Level 3) (continued)

Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follow:

	Fair value at 30 June 2023 RMB'000	Valuation technique	Unobservable inputs	Weighted average
– Unlisted equity security (Note (i) and (ii))	31,622	Summation Method	Value of each asset/liability	N/A
– Unlisted equity security (Note (i) and (iii))	1,775	Summation Method	Value of each asset/liability	N/A

- (i) The unlisted equity instruments at FVOCI represent the Group's 5% and 10% equity interests in two non-listed companies, respectively.
- (ii) If the expected value of each asset of this equity investment had been 100 basis points higher/lower or expected value of each liability of this equity investment had been 100 basis points lower/higher, the Group's equity would have been approximately RMB 316,000 higher/lower as at 30 June 2023 (31 December 2022: RMB305,000).
- (iii) If the expected value of each asset of this equity investment had been 100 basis points higher/lower or expected value of each liability of this equity investment had been 100 basis points lower/higher, the Group's equity would have been approximately RMB13,000 higher/lower as at 30 June 2023 (31 December 2022: RMB12,000).

### 18 TRADE RECEIVABLES

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Trade receivables (Note (a))		
– Related parties (Note 24(d))	552,713	465,515
– Third parties	274,739	169,358
	827,452	634,873
Less: allowance for impairment of trade receivables	(33,316)	(31,313)
	794,136	603,560

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 18 TRADE RECEIVABLES (continued)

- (a) Trade receivables mainly arise from property management services.

Non-commercial property management and value-added services income and commercial property management and operational service income under lump sum basis are received in accordance with the terms of the relevant services agreements. Service income from property management services is due for payment by property owners and tenants upon the issuance of demand notes.

- (b) As at 30 June 2023 and 31 December 2022, the ageing analysis of the trade receivables based on invoice date is as follows:

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
0-30 days	352,077	272,534
31-180 days	286,485	229,627
181-365 days	134,154	64,069
1 to 2 years	32,142	41,807
2 to 3 years	8,469	7,611
Over 3 years	14,125	19,225
	827,452	634,873

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 19 OTHER RECEIVABLES AND PREPAYMENTS

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Other receivables		
– Property management costs recoverable from related parties (Note (a) and Note 24(d))	44,080	53,600
– Property management costs recoverable from third parties (Note (a))	74,295	62,966
– Payments on behalf of third-party residents and tenants (Note (b))	86,488	86,249
– Guarantee deposits paid to related parties (Note (c) and Note 24(d))	19,577	27,144
– Guarantee deposits paid to third parties (Note (c))	44,258	34,636
– Others		
– Related parties (Note 24(d))	46,566	43,182
– Third parties	20,236	38,663
	<b>335,500</b>	346,440
Less: allowance for impairment of other receivables	<b>(10,836)</b>	(9,927)
	<b>324,664</b>	336,513
Prepayments		
– Related parties (Note 24(d))	2,372	601
– Third parties	60,743	23,846
	<b>63,115</b>	24,447
Other prepaid taxes	5,642	20,257
Total	<b>393,421</b>	381,217

(a) The amounts mainly represent costs incurred in relation to property management service provided under commission basis which could be recovered from property owners and tenants.

(b) The amounts represent payments of utility charges on behalf of property owners and tenants.

(c) The amounts mainly represent performance guarantee deposits paid to property owners for the provision of property management services.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 20 SHARE CAPITAL

	Number of shares 30 June 2023 and 2022	Share capital 30 June 2023 and 2022 RMB'000
Issued and fully paid	1,522,030,177	2,543,048

### 21 RESERVES

	Statutory reserves RMB'000	Other reserves RMB'000	Share-based payment RMB'000	Total other reserves RMB'000	Retained earnings RMB'000	Total reserves RMB'000
<b>As at 1 January 2023</b>	54,748	(387,267)	—	(332,519)	1,012,036	679,517
Profit for the period	—	—	—	—	247,691	247,691
Appropriation of statutory reserves (Note (a))	—	15,861	—	15,861	(15,861)	—
Changes in fair value of financial assets at FVOCI, net of tax	—	1,024	—	1,024	—	1,024
Exchange differences on translation of foreign operations	—	720	—	720	—	720
Share option scheme – value of services (Note (b))	—	—	2,944	2,944	—	2,944
Dividend provided	—	—	—	—	(147,627)	(147,627)
<b>As at 30 June 2023</b>	54,748	(369,662)	2,944	(311,970)	1,096,239	784,269
<b>As at 1 January 2022</b>	27,876	(394,730)	—	(366,854)	755,575	388,721
Profit for the period	—	—	—	—	210,800	210,800
Appropriation of statutory reserves (Note (a))	26,872	—	—	26,872	(26,872)	—
Changes in fair value of financial assets at FVOCI, net of tax	—	(436)	—	(436)	—	(436)
Exchange differences on translation of foreign operations	—	3,665	—	3,665	—	3,665
Dividend provided	—	—	—	—	(132,049)	(132,049)
<b>As at 30 June 2022</b>	54,748	(391,501)	—	(336,753)	807,454	470,701

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 21 RESERVES (continued)

#### (a) Statutory reserves

In accordance with relevant rules and regulations in the PRC and the Company's Articles of Association, companies incorporated in the PRC are required to transfer no less than 10% of their profit after taxation calculated under the PRC accounting standards and regulations to the statutory reserve fund before distribution of profit after income tax, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset previous years' losses or to increase the capital of respective companies.

#### (b) Share option scheme

The share-based payment reserves are used to recognise the grant date fair value of options issued to two executive directors and 37 members of the senior management and core employees (the "Eligible Participants") of the Group but not exercised.

On 30 December 2022, the Board of the Company announced to approve the initial grant of share options with an exercise price of HKD3.334 (equivalent to RMB2.978) per option, pursuant to which a total of 15,220,300 Options (the "Total Options") was resolved to be conditionally granted by the Company to the Eligible Participants if those options are fully exercised.

The Total Options are divided into three tranches. The first tranche will become exercisable after 24 months from the grant date with 33% of Total Options granted. The second tranche will become exercisable after 36 months from the grant date with 33% of Total Options granted. The third tranche will become exercisable after 48 months from the grant date with 34% of Total Options granted.

The share option scheme is conditional upon (A) fulfillment of the certain adoption conditions; (B) the Company obtaining shareholders' approval for the adoption of the share option scheme; and (C) the Company obtaining the approval of Guangzhou State-owned Assets Supervision and Administration Commission. As at 27 April 2023, all of the conditions have been fulfilled. Thus, the options were granted during the period ended 30 June 2023.

Considering the Eligible Participants began to provide services from 15 February 2023 when the Company obtained shareholders' approval for the adoption of the share option scheme, the Group recognised share-based payment reserves amounting to RMB2,944,000. The above share-based payment reserves is recognised and measured in accordance with HKFRS 2 *Share-based Payment*.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 21 RESERVES (continued)

#### (b) Share option scheme (continued)

(i) *Set out below are summaries of options granted under the scheme:*

	Number of options
As at 1 January 2023	—
Granted during the period	15,220,300
As at 30 June 2023	<b>15,220,300</b>

(ii) *Fair value of share option scheme*

The assessed fair value at 27 April 2023 during the period ended 30 June 2023 was RMB1.58 and RMB1.34 per option for the portion of option to the two executive directors and the portion of option to the members of senior management and core employees. The fair value at grant date is independently determined using an adjusted form of the Binomial Tree Model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying shares, the expected dividend yield, early exercise level and the risk free interest rate with similar duration of option's expected term. The key assumptions of the share option scheme are set as below:

	As at grant date
Volatility (note (a))	50.64%
Risk-free interest rate (note (b))	2.96%
Dividend Yield (note (c))	2.88%
Early Exercise Level	3.00/1.50

*Notes:*

- (a) The volatility is with reference to the historical volatility of the Company.
- (b) The risk-free rate is with reference to Hong Kong Sovereign Curve in the period close to time to maturity as at the grant date.
- (c) The dividend yield is based on historical dividend and share price.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 22 TRADE PAYABLES

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Trade payables (Note (a))		
– Related parties (Note 24(d))	23,972	23,315
– Third parties	414,875	329,792
	<b>438,847</b>	<b>353,107</b>

- (a) As at 30 June 2023 and 31 December 2022, the ageing analysis of the trade payables based on invoice date is as follows:

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Up to 1 year	418,965	331,270
1 to 2 years	3,651	4,140
2 to 3 years	1,812	3,524
Over 3 years	14,419	14,173
	<b>438,847</b>	<b>353,107</b>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 23 OTHER PAYABLES

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Other payables		
– Advances for property management services from related parties (Note (a) and Note 24(d))	53,928	48,415
– Advances for property management services from third parties (Note (a))	258,747	252,619
– Guarantee deposits received from related parties (Note (b) and Note 24(d))	82,850	86,313
– Guarantee deposits received from third parties (Note (b))	312,779	298,305
– Receipts on behalf of residents or tenants from related parties (Note (c) and Note 24(d))	185	4,076
– Receipts on behalf of residents or tenants from third parties (Note (c))	127,054	144,202
– Dividend payables to related parties (Note 24(d))	111,446	—
– Dividend payables to third parties	41,512	—
– Accrued expenses to third parties	101,289	91,649
– Accrued expenses to related parties (Note 24(d))	119	1,060
– Others	23,012	21,891
	1,112,921	948,530
– Accrued payroll liabilities	132,824	201,965
– Other tax payables	70,756	83,033
Total	1,316,501	1,233,528

- (a) The amounts represent advances received from property owners and tenants for settlement of costs to be incurred in relation to property management services provided under commission basis.
- (b) The amounts mainly represent performance guarantee deposits received from other service providers and renovation and utility security deposits received from property owners and tenants.
- (c) The amounts mainly represent advances received from property owners and tenants for settlement of their utility charges.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 24 RELATED PARTY TRANSACTIONS

#### (a) Related parties

The Company's ultimate holding company is Guangzhou Yue Xiu Holdings Limited. The table set below summarises the names of significant related parties, with whom the Group had significant transactions during the period ended 30 June 2023, and their relationship with the Company as at 30 June 2023:

Significant related parties	Relationship with the Group
Yuexiu Property	Intermediate holding company
Guangzhou Construction & Development Holdings (China) Limited ("GCD China")	Immediate holding company
GZ Metro	Non-controlling shareholder of Yuexiu Property

#### (b) Transactions with related parties

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Provision of services and sales of goods (Note (ii))		
– Ultimate holding company	451	276
– Intermediate holding company	31	99
– Fellow subsidiaries	498,104	334,911
– Non-controlling interests of Yuexiu Property and its subsidiaries	96,266	119,007
– Associates and joint ventures of Yuexiu Property	107,042	33,042
	<b>701,894</b>	<b>487,335</b>
Purchase of goods and services		
– Fellow subsidiaries	3,217	415
Addition of right-of-use assets		
– Fellow subsidiaries	3,490	12,596
– Non-controlling interests of Yuexiu Property and its subsidiaries	—	4,676
– Associates and joint ventures of Yuexiu Property	4,803	4,359
	<b>8,293</b>	<b>21,631</b>
Rental expenses (short-term leases)		
– Fellow subsidiaries	3,336	377
– Non-controlling interests of Yuexiu Property and its subsidiaries	898	891
– Associates and joint ventures of Yuexiu Property	11,457	8,520
	<b>15,691</b>	<b>9,788</b>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 24 RELATED PARTY TRANSACTIONS (continued)

#### (b) Transactions with related parties (continued)

- (i) All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.
- (ii) The provision of services and sales of goods to related parties comprise the provision of non-commercial property management and value-added services, commercial property management and operational services and sales of goods.

#### (c) Key management compensation

Compensation for key management other than directors was amounted to RMB1,619,000 for the six months ended 30 June 2023 (for the six months ended 30 June 2022: RMB1,468,000).

#### (d) Balances with related parties

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Trade receivables (Note (i))		
– Ultimate holding company	106	228
– Intermediate holding company	111	—
– Fellow subsidiaries	381,634	361,562
– Non-controlling interests of Yuexiu Property and its subsidiaries	87,539	54,310
– Associates and joint ventures of Yuexiu Property	83,323	49,415
	552,713	465,515
Contract assets (Note (i))		
– Fellow subsidiaries	32,379	31,453
– Associates and joint ventures of Yuexiu Property	6,236	453
	38,615	31,906
Other receivables (Note (ii))		
– Ultimate holding company	1,401	1,401
– Intermediate holding company	297	—
– Immediate holding company	2,621	—
– Fellow subsidiaries	39,369	57,582
– Non-controlling interests of Yuexiu Property and its subsidiaries	11,731	942
– Associates and joint ventures of Yuexiu Property	54,804	64,001
	110,223	123,926
Prepayments (Note (i))		
– Fellow subsidiaries	2,372	601

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 24 RELATED PARTY TRANSACTIONS (continued)

#### (d) Balances with related parties (continued)

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Trade payables (Note (i))		
– Fellow subsidiaries	16,513	16,263
– Non-controlling interests of Yuexiu Property and its subsidiaries	3,717	3,197
– Associates and joint ventures of Yuexiu Property	3,742	3,855
	<b>23,972</b>	23,315
Other payables (Note (iii))		
– Ultimate holding company	1,576	1,576
– Intermediate holding company	277	—
– Immediate holding company	102,365	—
– Fellow subsidiaries	93,289	101,601
– Non-controlling interests of Yuexiu Property and its subsidiaries	9,165	170
– Associates and joint ventures of Yuexiu Property	45,291	36,517
	<b>251,963</b>	139,864
Contract liabilities (Note (i))		
– Fellow subsidiaries	37,023	26,826
– Non-controlling interests of Yuexiu Property and its subsidiaries	13	2,281
– Associates and joint ventures of Yuexiu Property	4,354	2,748
	<b>41,390</b>	31,855
Bank deposits (Note (i))		
– A fellow subsidiary	88,582	80,069
Lease liabilities		
– Fellow subsidiaries	14,595	15,080
– Non-controlling interests of Yuexiu Property and its subsidiaries	3,442	3,950
– Associates and joint ventures of Yuexiu Property	1,158	5,074
	<b>19,195</b>	24,104

- (i) The balances of trade receivables, contract assets, prepayments, trade payables and contract liabilities were unsecured and interest free. The balances of bank deposits were unsecured and with interest rate in accordance with normal commercial terms.
- (ii) The balances due from related parties were mainly costs to be recovered from property owners incurred in relation to property management services provided under commission basis and guarantee deposits which were unsecured and interest free.
- (iii) The balances due to related parties were mainly costs prepaid by property owners incurred in relation to property management services provided under commission basis and guarantee deposits which were unsecured and interest free, and dividend payables to immediate holding company.

## OTHER INFORMATION

### INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As of 30 June 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (“SFO”)) as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in Appendix 10 to the Listing Rules (“Model Code”) were as follows:

#### LONG POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY:

Name of Director	Nature of interest	Interests in underlying shares pursuant to Share Option Scheme	Approximate percentage of shareholding in the Company (Note 1)
Mr. Mao Liangmin (resigned on 28 August 2023) (Note 3)	Personal	1,048,800 <sup>(Note 2)</sup>	0.07%
Mr. Zhang Jin (Note 3)	Personal	1,048,800 <sup>(Note 2)</sup>	0.07%

Notes:

- (1) The total number of 1,522,030,177 shares of the Company in issue as at 30 June 2023 was used for the calculation of the approximate percentage of shareholding.
- (2) The relevant interests are unlisted physically settled options granted pursuant to the Share Option Scheme.
- (3) These interests are share options that have been conditionally granted to the relevant Directors under the Share Option Scheme and were not vested as at 30 June 2023.

#### LONG POSITIONS IN SHARES OF THE ASSOCIATED CORPORATION OF THE COMPANY

##### Yuexiu Property

Name of Director/chief executive	Capacity/nature of interest	Number of associated corporation's issued shares held	Approximate percentage of shareholding in the associated corporation (Note 5)
Mr. Lin Feng (Note 1)	Beneficial owner/beneficiary of a trust/spouse interest	1,972,047	0.05%
Mr. Zhang Jianguo (Note 2)	Beneficial owner/beneficiary of a trust	1,903,335	0.05%
Mr. Zhang Jin (Note 3)	Beneficial owner/beneficiary of a trust	331,173	0.01%
Mr. Zhang Chenghao (Note 4)	Beneficial owner/beneficiary of a trust	68,317	0.002%

Notes:

- (1) Mr. Lin Feng was interested in 1,972,047 shares of Yuexiu Property, out of which 882,277 shares were owned by him as beneficial owner, 1,063,770 shares were held for him as a beneficiary under the Yuexiu Property Company Limited share incentive scheme trust for its directors and senior management (the “Yuexiu Property DSM Trust”) and 26,000 shares were held by his spouse.

## OTHER INFORMATION

- (2) Mr. Zhang Jianguo was interested in 1,903,335 shares of Yuexiu Property, out of which 1,243,815 shares were owned by him as beneficial owner and 659,520 shares were held for him as a beneficiary under the Yuexiu Property DSM Trust.
- (3) Mr. Zhang Jin was interested in 331,173 shares of Yuexiu Property, out of which 116,881 shares were owned by him as beneficial owner and 214,292 shares were held for him as a beneficiary under the Yuexiu Property Company Limited share award scheme trust for employees.
- (4) Mr. Zhang Chenghao was interested in 68,317 shares of Yuexiu Property, out of which 15,439 shares were owned by him as beneficial owner and 52,878 shares were held for him as a beneficiary under the Yuexiu Property Company Limited share award scheme trust for employees.
- (5) The total number of 4,025,392,913 shares of Yuexiu Property in issue as at 30 June 2023 was used for the calculation of the approximate percentage of shareholding.

Save as disclosed above, as of 30 June 2023, none of the Directors and the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its other associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained 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.

## DISCLOSEABLE INTERESTS OF SHAREHOLDERS UNDER THE SECURITIES AND FUTURES ORDINANCE

As of 30 June 2023, the following persons, other than a Director or chief executive of the Company, had an interest or short position 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:

### LONG POSITIONS IN THE SHARES OF THE COMPANY

Name of Shareholder	Capacity/nature of interest	Number of Shares held (Note 1)	Approximate percentage of shareholding in the Company (Note 4)
GZYL	Interest in a controlled corporation (Note 2)	1,018,600,000 (L)	66.92%
Yue Xiu Enterprises (Holdings) Limited (越秀企業(集團)有限公司) ("YXE")	Interest in a controlled corporation (Note 2)	1,018,600,000 (L)	66.92%
Yuexiu Property	Interest in a controlled corporation (Note 2)	1,018,600,000 (L)	66.92%
Guangzhou Construction & Development Holdings (China) Limited ("GCD China")	Beneficial owner (Note 2)	1,018,600,000 (L)	66.92%
Guangzhou Metro Group Co., Ltd.* (廣州地鐵集團有限公司) ("GZ Metro")	Interest in a controlled corporation (Note 3)	90,359,677 (L)	5.94%
Guangzhou Metro Investment Finance (HK) Limited (廣州地鐵投融資(香港)有限公司) ("GMIF")	Beneficial owner (Note 3)	90,359,677 (L)	5.94%

## OTHER INFORMATION

### Notes:

- (1) The letter "L" denotes a long position in the Shares.
- (2) Given that (i) GCD China was wholly owned by Yuexiu Property; (ii) Yuexiu Property was indirectly owned by YXE as to approximately 43.39%; and (iii) YXE was wholly-owned by GZYZ, by virtue of the SFO, each of GZYZ, YXE and Yuexiu Property was deemed to be interested in the Shares held by GCD China.
- (3) Given that GMIF was directly wholly owned by GZ Metro, by virtue of the SFO, GZ Metro was deemed to be interested in the Shares held by GMIF.
- (4) The total number of 1,522,030,177 shares of the Company in issue as at 30 June 2023 was used for the calculation of the approximate percentage of shareholding.

Save as disclosed herein, the Directors are not aware of any other person (other than the Directors and chief executive of the Company) who, as at 30 June 2023, had an interest or short position in the Shares or underlying Shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## EQUITY LINKED AGREEMENT

### SHARE OPTION INCENTIVE SCHEME

Pursuant to the ordinary resolution of the Shareholders' passed on 15 February 2023, the Company has adopted the Share Option Incentive Scheme (the **Share Option Scheme**) to recognise and acknowledge the contributions of the Eligible Participants (as defined below) to the Group by granting share options under the Share Option Scheme (**Options**) to them as incentives or rewards. Details of which can refer to the circular of the Company dated 26 January 2023.

Set out below is a summary of the principal terms of the Share Option Scheme:

#### 1. Purpose

The purpose of the Share Option Scheme is to recognise and acknowledge the contributions of the Eligible Participants to the Group by granting Options to them as incentives or rewards. In particular, it is intended that the Share Option Scheme will offer meaningful incentive to attract, retain and motivate talented employees towards the performance goals in business operation and other long-term performance targets set by the Group and to provide them with an incentive to work better for the interest of the Group.

#### 2. Duration of the Share Option Scheme

The Share Option Scheme shall be valid and effective for the period commencing on the date on which the Share Option Scheme is adopted by an ordinary resolution of the Shareholders on 15 February 2023 (**Adoption Date**) and expiring at 5:00 p.m. on the Business Day immediately preceding the tenth anniversary of the Adoption Date unless terminated earlier by the Shareholders in general meeting (**Scheme Period**). Upon termination of the Share Option Scheme, no further Options may be granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect.

#### 3. Participants

Only the Eligible Participants may be granted Options. On and subject to the terms of the Share Option Scheme, the Board may, on a Business Day during the Scheme Period, at its absolute discretion (and subject to any conditions as it may think fit, including but not limited to the achievement of any performance target and/or any minimum period for which an Option must be held before it can be exercised) make an offer in writing (in such form as the Board may from time to time determine) to an Eligible Participant an Option to subscribe at the exercise price for the exercise of such Options (**Exercise Price**) for such number of Shares as the Board may determine.

## OTHER INFORMATION

"Eligible Participant" refers to any employee (whether full-time or part-time) or director of any member of the Group, other than an Excluded Person. "Excluded Person" refers to (i) any person who is an independent non-executive director of any member of the Group; (ii) any person alone or together with his family member(s) is interested in 5% or more of the issued Shares at the time of any proposed grant; or (iii) the spouse, father, mother or child of the person referred to in (i) or (ii) above and who is not an employee of any member of the Group.

#### **4. Acceptance of a grant**

Any grant may be accepted on or before the date specified in the grant (or at such other time and in such other manner as the Board may otherwise determine, including but not limited to an agreement in relation to the grant of the Options between an Eligible Participant and the Company) provided that no grant shall be open for acceptance after the expiry of the Scheme Period or after the Share Option Scheme has been terminated in accordance with the provisions thereof. An amount of HK\$1.00 is payable by an Eligible Participant on acceptance of a grant.

#### **5. Exercise price**

The price per Share payable on the exercise of an Option as determined by the Board and shall at least be the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which shall be a Business Day; and
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant;

or (where applicable) such price as from time to time adjusted pursuant to the Share Option Scheme.

The total subscription price payable upon exercise of an Option shall be an amount equal to the Exercise Price multiplied by the relevant number of Shares in respect of which the Option is exercised.

#### **6. Maximum number of shares for which options may be granted**

The total number of Shares which may be issued in aggregate upon exercise of all options to be granted under the Share Option Scheme and any Other Schemes (i.e. schemes or arrangements analogous to a share option scheme as described in Chapter 17 of the Listing Rules) shall not in aggregate exceed 10% (152,203,017 Shares) of the Shares in issue as at the Adoption Date. As the Share Option Scheme was adopted and became valid and effective upon the passing of the ordinary resolution of the Shareholders on 15 February 2023, no Options were available for grant under the Share Option Scheme as at 1 January 2023. The number of options available for grant under the Share Option Scheme as at 30 June 2023 were 136,982,717 Shares, representing approximately 9% of the Shares in issue as at 30 June 2023. As none of the Options have been vested during the six months ended 30 June 2023, there were no shares that may be issued in respect of Options granted under the Share Option Scheme of the Company during the six months ended 30 June 2023.

## OTHER INFORMATION

### 7. *Maximum number of options to each participant*

The total number of Shares issued and to be issued upon the exercise of all Options granted to each Eligible Participant (excluding any options lapsed in accordance with the terms of the Share Option Scheme) in any period of twelve (12) consecutive months shall not exceed 1% of the Shares in issue.

The Company may grant further Options in excess of the limit set out in the preceding paragraph, subject to the Shareholders' approval in general meeting, at which the Eligible Participant involved and his close associates (or his associates if the Eligible Participant is a connected person) shall abstain from voting, and the following provisions shall apply:

- (a) a circular containing the identity of the Eligible Participant involved, the number and terms of Options to be granted (and those previously granted to such participant in the 12-month period), the purpose of granting Options to the Eligible Participant and an explanation as to how the terms of the Options serve such purpose shall be despatched to the Shareholders together with the notice of the relevant general meeting;
- (b) the number and terms of Options to be granted to the Eligible Participant involved shall be fixed before the general meeting; and
- (c) the date of the meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the Exercise Price.

### 8. *Exercise and Vesting period of the options*

Subject to the provisions of the Share Option Scheme and the terms and conditions of the relevant grant(s), Options may be exercised by an Eligible Participant (or in the case of his death, his designated successor or legal successor and including the personal representative(s)), in whole or in part, at any time during the Option Period. "Option Period" is a period to be determined by the Board at its absolute discretion (provided that the period shall not be more than ten (10) years from the date of grant) and notified by the Board to an Eligible Participant as the period during which an Option may be exercised (subject to any restrictions on the exercise of the Option as may be imposed by the Board).

In order for the exercise of an Option to be effective, the secretary of the Company (or such other officers or department as the Board may designate from time to time) must, prior to the expiry of the option period, have received, among other things, a written notice exercising the Option and payment in full of the subscription price. Unless otherwise agreed between the Company and the Option Holder, Shares in respect of an Option shall be issued within twenty eight (28) days of the date upon which the exercise of the Option becomes effective.

The vesting period in respect of any Option granted to any Eligible Participant shall not be less than 12 months from the date of acceptance, provided that where the Eligible Participant is:

- (a) an Employee Participant who is a Director or a senior manager specifically identified by the Company, the Remuneration Committee shall, or

## OTHER INFORMATION

- (b) an Employee Participant who is not a Director nor a senior manager specifically identified by the Company, the Directors shall have the authority to determine a shorter vesting period under the following circumstances:
- (i) grants of “make-whole” Options to new Employee Participants to replace the awards or options such Employee Participants forfeited when leaving the previous employer;
  - (ii) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
  - (iii) grants that are made in batches during a year for administrative and compliance reasons;
  - (iv) grants with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months;
  - (v) grants with performance-based vesting conditions in lieu of time-based vesting criteria; and
  - (vi) the Remuneration Committee (or as the case may be, the Directors) is of the view that a shorter vesting period is appropriate and serves the purpose of the Share Option Scheme.

### **9. *The remaining life of the Share Option Scheme***

The Share Option Scheme became effective since 15 February 2023. It, unless otherwise cancelled or amended, will remain in force for ten years from that date.

A summary of the principal terms and conditions of the Share Option Scheme is set out in Appendix 1 to the circular of the Company dated 26 January 2023 (the “**Share Option Scheme Circular**”).

## OTHER INFORMATION

### DETAILS AND MOVEMENTS OF OPTIONS DURING THE SIX MONTHS ENDED 30 JUNE 2023

The details and the movement of the options granted under this Share Option Scheme during the six months ended 30 June 2023 are as below:–

Grantees	Outstanding options as at 1 January 2023	Date of the conditional grant	Exercise price per share (HK\$)	Closing price per share immediately before the date of the conditional grant (HK\$)	Vesting period/ Exercise period	Exercised during the period	Lapsed/ Cancelled during the period	Outstanding options as at 30 June 2023
Mao Liangmin	1,048,800 (Note 1)	30 December 2022	3.334	3.310	(Note 2)	N/A (Note 3)	0	1,048,800
Zhang Jin	1,048,800 (Note 1)	30 December 2022	3.334	3.310	(Note 2)	N/A (Note 3)	0	1,048,800
Senior management and core employees of the Group	13,122,700 (Note 1)	30 December 2022	3.334	3.310	(Note 2)	N/A (Note 3)	0	13,122,700
Total	15,220,300							15,220,300

*Notes:*

- As at 1 January 2023, such Options were conditionally granted pending the fulfillment of the initial grant conditions. The said conditions have been fulfilled and the grant became unconditional during the six months ended 30 June 2023.
- Subject to the terms of the Share Option Scheme and the terms of the initial grant proposal, including the Vesting Conditions as set out below, these Options that are conditionally granted shall be vested and become exercisable until 8 years from the date of the conditional grant in three tranches as described below: the first tranche comprising of 33% of the options conditionally granted shall be vested on the first trading day after 24 months from the date of the conditional grant (i.e. 30 December 2024); the second tranche comprising of 33% of the options conditionally granted shall be vested on the first trading day after 36 months from the date of the conditional grant (i.e. 30 December 2025); and the third tranche comprising of 34% of the options conditionally granted shall be vested on the first trading day after 48 months from the date of the conditional grant (i.e. 30 December 2026).

Vesting Conditions for such Options that are conditionally granted are as follows:

- Vesting Conditions: in relation to the Company and in respect of each tranche of the Options granted:
  - the Company's return on equity attributable to shareholders after deducting non-recurring gain or loss (I) shall not be less than 12.8% for the first tranche in 2023, 12.9% for the second tranche in 2024 and 13.0% for the third tranche in 2025 and (II) shall be equal to or greater than that of the average of the peer benchmark companies plus 1%;
  - the Company's growth rate of net profit attributable to shareholders after deducting non-recurring gain or loss in 2023 for the first tranche, 2024 for the second tranche and 2025 for the third tranche (I) as compared to that of 2021 shall be greater than 32%, 52% and 75% respectively and (II) shall be equal to or greater than that of the average of the peer benchmark companies;
  - the Company's receivables turnover ratio in 2023 for the first tranche, 2024 for the second tranche and 2025 for the third tranche shall not be less than 4.2;
  - the proportion of cash dividend shall not be lower than 30% of the Company's distributable net profit in the latest full financial year; and

## OTHER INFORMATION

- (E) none of the following circumstances having occurred:
    - (I) issue of the financial and accounting report of the Company for the most recent financial year in which a certified public accountant gives an adverse opinion or cannot give an opinion;
    - (II) imposition of administrative penalties by regulatory authorities as a result of material breach of rules and regulations in the preceding year; and
    - (III) other circumstances under which implementation of share option incentive schemes is prohibited as determined by regulatory authorities.
  - (ii) Vesting Conditions: in relation to an Incentive Target who has accepted a grant of Options and in respect of each tranche of the Options granted:
    - (A) he/she has obtained an assessment grade of "B" for senior management (including executive Directors) and "pass" for core employees of the Group or above in the year preceding the scheduled vesting date in which case the entire tranche of the Options granted will be vested (for the avoidance of doubt, if an Incentive Target who has accepted a grant of Options fails to obtain the aforesaid assessment result, the entire tranche of the Options granted will lapse); and
    - (B) none of the following circumstances having occurred:
      - (I) he/she has been publicly censured or declared as an ineligible candidate by the Stock Exchange during the last three years;
      - (II) he/she has been penalized by regulatory authorities during the last three years due to serious violations of laws or regulations;
      - (III) he/she is prohibited from acting as a director or a member of the senior management of a company by the relevant laws and regulations; or
      - (IV) he/she is determined by the Board to have otherwise seriously violated the Company's regulations.
3. None of the options that were conditionally granted had become exercisable during the six months ended 30 June 2023.
4. The fair value of Options at the date of grant, the methodology and assumptions used were disclosed in Note 21 to the interim financial information.

## OTHER INFORMATION

### CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of maintaining a high standard of corporate governance to protect and enhance the benefits of the Shareholders and has applied the principles of the code provisions of the Code on Corporate Governance Practices (the “**CG Code**”) contained in Appendix 14 to the Listing Rules. During the Period, the Company had complied with all code provisions as set out in Part 2 of Appendix 14 to the Listing Rules.

### REVIEW OF INTERIM RESULTS

The audit committee of the Company (the “**Audit Committee**”), comprising Ms. Hui Lai Kwan (Chairlady), Mr. Hung Shing Ming and Mr. Chan Yuen Hang Kenneth during the Period, had discussed with the management and the Company’s auditor the accounting principles and policies adopted by the Group.

The interim financial information of the Group for the Period had been reviewed by the Audit Committee and by the Company’s auditor 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.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as the code of conduct for the Directors in their dealings in the Company’s securities. Having made specific enquiries with each Director, all Directors confirmed that they had complied with the required standard as set out in the Model Code throughout the Period.

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

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company was closed from Wednesday, 6 September 2023 to Thursday, 7 September 2023, both days inclusive, during which period no transfer of shares were registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:30 p.m. on Tuesday, 5 September 2023.