



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

(Incorporated in Hong Kong with limited liability)

Stock Code : 6626

2024 Interim Report

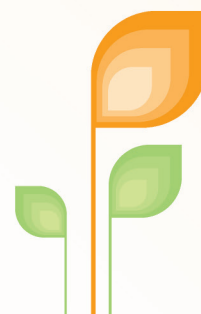
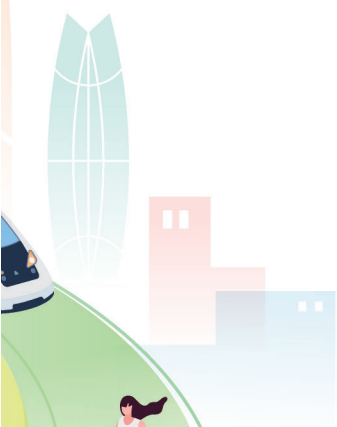


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CORPORATE INFORMATION

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS

Mr. Zhu Huisong (*Chairman*)
Mr. Yao Xiaosheng
Mr. Yang Zhaoxuan

EXECUTIVE DIRECTORS

Mr. Zhang Jianguo
Mr. Zhang Chenghao
Mr. Zhang Jin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hung Shing Ming
Ms. Hui Lai Kwan
Mr. Leung Yiu Man

COMPANY SECRETARY

Mr. Yu Tat Fung

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

China Construction Bank Corporation
Bank of China (Hong Kong) Limited
Bank of Guangzhou Co., Ltd.
China Everbright Bank Co., Ltd., Hong Kong Branch
Shanghai Pudong Development Bank Co., Ltd.
Chong Hing Bank Limited
China Resources Bank of Zhuhai Co., Ltd

- * With effect from 11 September 2024, (1) Mr. Yao Xiaosheng resigned as a non-executive Director of Yuexiu Services Group Limited (the "Company"); (2) Mr. Zhang Jianguo was redesignated from an executive Director to a non-executive Director and resigned as the Chief Executive Officer of the Company; and (3) Mr. Wang Jianhui was appointed as an executive Director and the Chief Executive Officer of the Company. Please refer to the announcement of the Company dated 11 September 2024 for further details.

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

STOCK CODE

6626

WEBSITES TO ACCESS COMPANY INFORMATION

www.yuexiuserVICES.com
www.irasia.com/listco/hk/yuexiuserVICES/
www.hkexnews.hk

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As of 30 June 2024, the Group had:

- 508 (31 December 2023: 476) contracted projects, with a total contracted gross floor area ("GFA") of 88.8 million sq.m. (31 December 2023: 83.4 million sq.m.), representing an increase of 6.4% in contracted GFA; and
- 418 (31 December 2023: 408) projects under management, with a total GFA under management of 66.7 million sq.m. (31 December 2023: 65.2 million sq.m.), representing an increase of 2.2% in GFA under management.

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

	As of 30 June 2024		As of 31 December 2023	
	Contracted projects (number)	Projects under management	Contracted projects (number)	Projects under management
Total projects	508	418	476	408

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			
	2024		2023	
	Contracted GFA (sq.m. in thousands)	GFA under management	Contracted GFA (sq.m. in thousands)	GFA under management
As of the beginning of the period	83,448	65,211	70,597	51,689
New engagements	9,262	5,068	8,260	8,440
Terminations	(3,902)	(3,607)	(1,367)	(1,367)
As of the end of the period	88,808	66,672	77,490	58,762

MANAGEMENT DISCUSSION AND ANALYSIS

As of 30 June 2024, the Group's contracted projects covered 49 cities (including Hong Kong) in the People's Republic of China (the "PRC"). During the Period, the Group adjusted its business development strategy to focus on regions with more competitive advantages and terminated projects that did not meet internal business or financial requirements, the contracted GFA and GFA under management of each region had therefore changed. 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 2024		As of 31 December 2023	
	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	52,543	37,430	46,790	35,899
East China Region	10,303	7,412	10,815	8,384
North China Region	8,893	7,471	9,101	7,823
Central and West China Region	17,069	14,359	16,742	13,105
Total	88,808	66,672	83,448	65,211

NON-COMMERCIAL PROPERTY MANAGEMENT AND VALUE-ADDED SERVICES

As of 30 June 2024, the Group had:

- 416 (31 December 2023: 385) contracted non-commercial projects, with a contracted GFA of 81.4 million sq.m. (31 December 2023: 75.7 million sq.m.); and
- 335 (31 December 2023: 331) non-commercial projects under management, with a GFA under management of 60.1 million sq.m. (31 December 2023: 59.3 million sq.m.).

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

	As of 30 June 2024		As of 31 December 2023	
	Contracted projects (number)	Projects under management (number)	Contracted projects (number)	Projects under management (number)
Non-commercial projects	416	335	385	331

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 2024		As of 31 December 2023	
	Contracted GFA (sq.m. in thousands)	GFA under management	Contracted GFA (sq.m. in thousands)	GFA under management
Non-commercial projects	81,397	60,121	75,660	59,271

For the Period, the average property management fee of residential projects increased to RMB2.8/sq.m./month (for the six months ended 30 June 2023 (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	
	2024 (RMB/sq.m./month)	2023 (RMB/sq.m./month)
Residential projects	2.8	2.7

With respect to value-added services, the Group continued to optimise its resource allocation and enhance product competitiveness. In the new retail sector, the Group continued to improve its product offerings through developing customised product types and launching various offerings targeted at tourism. Meanwhile, the Group has been exploring the operation model for communities under management and enhancing the brand of its community commercial services by exploring the standardised operation of clubs and carrying out recreational activities. In addition, the Group's intelligent service offerings have expanded to include elevator installation and maintenance with its relevant professional qualifications, and has successfully expanded fire-fighting, electrical and mechanical related projects.

MANAGEMENT DISCUSSION AND ANALYSIS

COMMERCIAL PROPERTY MANAGEMENT AND OPERATIONAL SERVICES

As of 30 June 2024, the Group had:

- 92 (31 December 2023: 91) contracted commercial projects, with a contracted GFA of 7.4 million sq.m. (31 December 2023: 7.8 million sq.m.); and
- 83 (31 December 2023: 77) commercial projects under management, with a GFA under management of 6.6 million sq.m. (31 December 2023: 5.9 million sq.m.).

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

	As of 30 June 2024		As of 31 December 2023	
	Contracted projects (number)	Projects under management	Contracted projects (number)	Projects under management
Commercial projects	92	83	91	77

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

	As of 30 June 2024		As of 31 December 2023	
	Contracted GFA (sq.m. in thousands)	GFA under management	Contracted GFA (sq.m. in thousands)	GFA under management
Commercial projects	7,411	6,551	7,788	5,940

For the Period, the average management fee for office buildings and shopping malls remained stable at RMB20.0/sq.m./month (Corresponding Period: RMB20.5/sq.m./month) and RMB35.7/sq.m./month (Corresponding Period: RMB36.6/sq.m./month) respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Six months ended 30 June	
	2024 (RMB/sq.m./month)	2023 (RMB/sq.m./month)
Office buildings	20.0	20.5
Shopping malls	35.7	36.6

AWARDS AND RECOGNITIONS

For the Period, the Group received various awards and recognitions from Beijing China Index Academy, including the following:

- "TOP 12 amongst the Top 100 Property Management Companies in China for 2024 (2024中國物業服務百強企業TOP12)";
- "TOP 10 amongst the TOP 100 Property Management Companies in China in terms of Business Performance for 2024 (2024中國物業服務百強企業經營績效TOP10)";
- "China's Leading Property Management Companies in terms of Service Quality for 2024 (2024中國物業服務質量領先企業)"; and
- "China's Exceptional Property Management Companies in terms of ESG Development for 2024 (2024中國物業服務ESG發展優秀企業)".

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

For the future and with a focus on the theme of "improving quality with devoted services and creating value through lean management", the Group will leverage digital intelligence innovation to provide high-quality services on a long-term basis, while continuously improving the Group's development, operational and management standards.

BETTER PROPERTY MANAGEMENT SERVICES

The Group will continue to strengthen the fundamentals of its property management services and provide customers with a full lifecycle property service experience based on their needs. The Group will:

- enhance its high-end service system with the aim of establishing city benchmarks, while continuously upgrading its property management services; and
- respond to customer requests in a timely manner and address customer concerns attentively to enhance customer satisfaction.

MORE FOCUSED VALUE-ADDED SERVICES

By leveraging its strengths and the development opportunities of its five value-added service platforms (i.e. property agency, new retail, home decoration, community commercial service and intelligence), the Group will continue to enhance product competitiveness, promote service channels, focus on nurturing businesses with higher competitiveness (such as Integrated Facility Management service and elevator installation and maintenance), actively incubate innovative business types, and devote greater efforts in value-added service market expansion.

MORE SOLID BUSINESS EXPANSION

The Group will optimise the full lifecycle market expansion mechanism in an all-round manner, establish measurable market assessment and control system, continue to focus on high-quality targets for business expansion, and pursue high quality development.

The Group will further promote lean operation, intensify its efforts in reform and innovation, systematically upgrade its core capabilities, and optimise the integration of resources, with the aim of constantly enhancing its service capability, competitiveness and operational capability, while making full use of technological empowerment to improve the overall economic efficiency, and moving towards the vision of becoming customers' trusted service company.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

REVENUE

For the Period, the Group's revenue amounted to RMB1,960.2 million (Corresponding Period: RMB1,511.8 million), representing a year-on-year increase of 29.7%.

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

	Six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Non-commercial property management and value-added services	1,601,274	81.7	1,210,790	80.1
Commercial property management and operational services	358,901	18.3	301,056	19.9
Total	1,960,175	100.0	1,511,846	100.0

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			
	2024		2023	
	RMB'000	%	RMB'000	%
GZYX, Yuexiu Property and their respective joint ventures, associates or other related parties ⁽¹⁾	768,304	39.2	701,894	46.4
Independent Third Parties ⁽²⁾	1,191,871	60.8	809,952	53.6
Total	1,960,175	100.0	1,511,846	100.0

Notes:

- (1) Comprise Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團股份有限公司) ("GZYX"), Yuexiu Property Company Limited ("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) Comprise 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 RMB66.4 million or 9.5% as compared to RMB701.9 million for the Corresponding Period. Such increase was mainly attributable to the further and deeper business cooperation in diversified businesses such as the provision of intelligence services.

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

	Six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Mainland China	1,910,219	97.5	1,471,857	97.4
Hong Kong	49,956	2.5	39,989	2.6
Total	1,960,175	100.0	1,511,846	100.0

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

For the Period, revenue from non-commercial property management and value-added services amounted to RMB1,601.3 million (Corresponding Period: RMB1,210.8 million), representing a year-on-year increase of 32.3%. The increase is mainly attributable to the following factors:

- (i) the number of non-commercial projects under management increased to 335 and the GFA under management increased to 60.1 million sq.m. as of 30 June 2024;
- (ii) revenue from value-added services to non-property owners remained stable, amounting to RMB354.8 million (Corresponding Period: RMB352.4 million); and
- (iii) revenue from community value-added services increased from RMB400.5 million for the Corresponding Period to RMB645.5 million for the Period, representing an increase of 61.2%. The increase was mainly attributable to an 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			
	2024		2023	
	RMB'000	%	RMB'000	%
Property management services	600,948	37.5	457,936	37.8
Value-added services to non-property owners	354,817	22.2	352,380	29.1
Community value-added services	645,509	40.3	400,474	33.1
Total	1,601,274	100.0	1,210,790	100.0

(II) Commercial property management and operational services

For the Period, revenue from commercial property management and operational services amounted to RMB358.9 million (Corresponding Period: RMB301.1 million), representing a year-on-year increase of 19.2%. The increase was mainly attributable to the increase in both the number of commercial projects under its management to 83, and the GFA under management to 6.6 million sq.m. as of 30 June 2024.

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			
	2024		2023	
	RMB'000	%	RMB'000	%
Commercial operation and management services	308,096	85.8	250,881	83.3
Market positioning consultancy and tenant sourcing services	50,805	14.2	50,175	16.7
Total	358,901	100.0	301,056	100.0

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 comprise 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 RMB1,452.8 million (Corresponding Period: RMB1,086.9 million), representing a year-on-year increase of 33.7%. 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 RMB406.9 million (Corresponding Period: RMB425.5 million), representing a year-on-year decrease of 4.4%.

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			
	2024		2023	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Non-commercial property management and value-added services	391,247	24.4	330,077	27.3
– Property management services	92,806	15.4	73,261	16.0
– Value-added services to non-property owners	101,790	28.7	114,488	32.5
– Community value-added services	196,651	30.5	142,328	35.5
Commercial property management and operational services	116,115	32.4	94,885	31.5
– Commercial operation and management services	94,475	30.7	74,074	29.5
– Market positioning consultancy and tenant sourcing services	21,640	42.6	20,811	41.5
Total	507,362	25.9	424,962	28.1

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's overall gross profit margin was primarily affected by its business mix, average property management fee rates, geographic concentration of GFA under management and cost control capabilities. The Group's gross profit increased from RMB425.0 million for the Corresponding Period to RMB507.4 million for the Period. The overall gross profit margin of the Group decreased from 28.1% for the Corresponding Period to 25.9% for the Period, which was mainly due to the decrease in the gross profit margin of non-commercial property management and value-added services.

The gross profit margin for non-commercial property management and value-added services decreased from 27.3% for the Corresponding Period to 24.4% for the Period, of which: (i) the gross profit margin for property management services remained relatively stable; (ii) the gross profit margin for value-added services to non-property owners decreased from 32.5% for the Corresponding Period to 28.7% for the Period as a result of the overall impact of the slowdown of the real estate development industry and the general economic climate; (iii) the gross profit margin for community value-added services decreased from 35.5% for the Corresponding Period to 30.5% for the Period as a result of the change in its business structure.

The gross profit margin for commercial property management and operational services increased from 31.5% for the Corresponding Period to 32.4% for the Period, primarily attributable to the lean management of existing projects.

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 RMB158.9 million (Corresponding Period: RMB127.2 million), representing a year-on-year increase of 24.9%, which was mainly due to the Group's business expansion, relocation of headquarters in the Mainland China and new investments in intelligence, safety and health and other related aspects.

OTHER INCOME AND GAINS, NET

The Group's other income and net other gains primarily consists of interest income from bank deposits, government grants and net foreign exchange gains and losses. For the Period, interest income from bank deposits amounted to RMB52.9 million (Corresponding Period: RMB51.6 million), representing a year-on-year increase of 2.4%. Such increase was primarily due to the Group's effective management and utilization of funds.

INCOME TAX EXPENSES

For the Period, income tax expenses of the Group were RMB106.9 million (Corresponding Period: RMB94.4 million), representing a year-on-year increase of 13.2%, 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 RMB287.5 million (Corresponding Period: RMB256.4 million), representing a year-on-year increase of 12.1%. Net profit margin for the Period was 14.7% (Corresponding Period: 17.0%), representing a year-on-year decrease of 2.3 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 RMB277.7 million (Corresponding Period: RMB247.7 million), representing a year-on-year increase of 12.1%. Basic earnings per share amounted to RMB0.18 (Corresponding Period: RMB0.16).

EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As of 30 June 2024, the Group had equity investments designated at fair value through other comprehensive income of RMB33.9 million (31 December 2023: RMB33.6 million), which comprised the Group's investments in:

- (i) 5% equity interests of 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;
- (ii) 10% equity interests of 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; and
- (iii) 10% equity interests of Guangzhou Yuebang Enterprise Management Co., Ltd. (廣州越邦企業管理有限公司), which is principally engaged in provision of human resources services, labour dispatch services and other related services.

TRADE RECEIVABLES

The Group's trade receivables increased from RMB573.5 million as of 31 December 2023 to RMB761.1 million as of 30 June 2024, representing an increase of 32.7%, 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 increased to RMB499.9 million as of 30 June 2024 from RMB393.2 million as of 31 December 2023, representing an increase of 27.2%, mainly due to the growth of business scale.

TRADE PAYABLES

The Group's trade payables increased from RMB399.3 million as of 31 December 2023 to RMB628.8 million as of 30 June 2024, representing an increase of 57.5%, mainly due to the adjustment of the Group's payment schedule during the course of the Group's continuous business expansion.

OTHER PAYABLES AND ACCRUALS

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 2023 and 30 June 2024 were RMB1,362.6 million and RMB1,467.3 million, respectively. The increase was mainly due to the distribution of final dividend for the year ended 31 December 2023 totaling RMB120.9 million. The final dividend for the year ended 31 December 2023 was paid on 5 July 2024.

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.

As of 30 June 2024, the Group's cash and cash equivalents and time deposits amounted to RMB4,866.2 million (31 December 2023: RMB4,704.3 million). The increase was mainly attributable to the increments from operating activities.

As of 30 June 2024, the Group had no bank borrowings (31 December 2023: Nil) or loans from related parties (31 December 2023: Nil) or non-trade amounts due to related parties (31 December 2023: Nil).

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 2023 and 30 June 2024, the gearing ratios as of both aforesaid dates were nil.

MANAGEMENT DISCUSSION AND ANALYSIS

PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company 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.

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).

At the end of 2023, after careful consideration and detailed evaluation by the Company of the operations and business strategy, the Company had announced the change in intended use of the unutilised proceeds as at the end of 2023. As of 30 June 2024, details of the use of the proceeds subsequent to the change in use are as follows:

Category	Intended use of unutilised proceeds up to 31 December 2023 RMB'000	Percentage of total proceeds %	Actual use of proceeds during the six months period ended 30 June 2024 RMB'000	Unused proceeds up to 30 June 2024 RMB'000	Expected timeline for the intended use
Strategic acquisitions and investments	505,028	35	2,583 (Note)	502,445	By end of 2026
Further development of the Group’s value-added services	288,587	20	71,366	217,221	By end of 2026
Developing information technology systems and smart communities	216,441	15	33,926	182,515	By end of 2026
Promoting ESG development	144,294	10	11,480	132,814	By end of 2026
Replenishing working capital and for general corporate purposes	288,587	20	56,939	231,648	By end of 2026
Total	1,442,937	100	176,294	1,266,643	

Note: 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 unutilised proceeds will be utilised in accordance with the above purposes and are currently held as bank deposits denominated in RMB as the conversion to RMB of which has been basically completed.

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As of 30 June 2024, 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 2024, the Group did not hold any significant investment.

CONTINGENT LIABILITIES

As of 30 June 2024, the Group did not have any material contingent liabilities.

CAPITAL COMMITMENT AND CAPITAL EXPENDITURE

As of 30 June 2024, the Group did not have any capital commitment.

The Group's capital expenditure for the year ending 31 December 2024 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 2024, the Group had a total of 13,781 full-time employees in the Mainland China and Hong Kong. Total staff costs for the Period amounted to RMB513.3 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

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of maintaining a high level of corporate governance to protect and enhance the benefits of the shareholders of the Company, and has applied the principles of the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules. During the Period, the Company has complied with all code provisions as set out in Part 2 of Appendix C1 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix C3 to the Listing Rules, 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

The Directors were authorised by the shareholders of the Company at the Company's annual general meetings to effect repurchase of the Company's ordinary shares not exceeding 10% of the total number of the Company's issued shares as at the dates of the resolutions being passed, details of which was announced on 20 May 2024.

During the Period, the Company repurchased an aggregate of 1,172,000 ordinary shares for a total consideration (excluding expenses) of approximately HKD3.7 million on the Stock Exchange, out of which 580,500 ordinary shares were cancelled during the Period and the remaining 591,500 ordinary shares were subsequently cancelled in July 2024. Details of the ordinary shares repurchased are as follows:

Month of repurchase in 2024	Number of ordinary shares repurchased	Consideration per share		Aggregate consideration paid (excluding expenses) HKD'000
		Highest HKD	Lowest HKD	
		June	1,172,000	

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events affecting the Group since 30 June 2024 and up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

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. Leung Yiu Man, has 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.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend for 2024 of HKD0.100 per share (equivalent to RMB0.091 per share) (2023 interim: HKD0.089 per share (equivalent to RMB0.081 per share)) to shareholders whose names appear on the Register of Members of the Company on Thursday, 5 September 2024. The interim dividend will be distributed to shareholders on or around Friday, 20 September 2024.

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.

INDEPENDENT REVIEW REPORT



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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 21 to 47, which comprises the condensed consolidated statement of financial position of Yuexiu Services Group Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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 HKICPA. 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 is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

20 August 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	For the six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
REVENUE	4	1,960,175	1,511,846
Cost of sales		(1,452,813)	(1,086,884)
Gross profit		507,362	424,962
Other income and gains, net		55,311	58,466
Administrative expenses		(158,876)	(127,162)
Impairment losses on financial and contract assets, net		(6,898)	(2,954)
Finance costs	6	(3,030)	(2,444)
Share of profits and losses of joint ventures		469	28
PROFIT BEFORE TAX	5	394,338	350,896
Income tax expenses	7	(106,876)	(94,447)
PROFIT FOR THE PERIOD		287,462	256,449
Attributable to:			
Owners of the Company		277,675	247,691
Non-controlling interests		9,787	8,758
		287,462	256,449
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (expressed in RMB per share)	9	0.18	0.16

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	287,462	256,449
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	459	720
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	170	1,024
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	629	1,744
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	288,091	258,193
Attributable to:		
Owners of the Company	278,304	249,435
Non-controlling interests	9,787	8,758
	288,091	258,193

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	34,809	36,613
Right-of-use assets	11	142,901	103,691
Intangible assets	12	326,335	332,921
Investments in joint ventures		3,336	2,867
Equity investments designated at fair value through other comprehensive income		33,865	33,624
Deferred tax assets		15,033	12,677
Other non-currents assets		5,256	—
Restricted bank deposits		55,530	11,001
Time deposits		1,380,000	—
Total non-current assets		1,997,065	533,394
CURRENT ASSETS			
Inventories		6,995	10,280
Trade receivables	13	761,121	573,524
Contract assets		113,343	75,674
Prepayments, other receivables and other assets	14	573,041	453,432
Prepaid income taxes		30,868	26,916
Restricted bank deposits		36,236	29,658
Time deposits		753,001	9,062
Cash and cash equivalents		2,733,155	4,695,204
Total current assets		5,007,760	5,873,750
CURRENT LIABILITIES			
Trade payables	15	628,828	399,277
Other payables and accruals	16	1,467,331	1,362,568
Contract liabilities		826,448	808,732
Lease liabilities		70,892	64,514
Tax payable		40,642	30,189
Total current liabilities		3,034,141	2,665,280
NET CURRENT ASSETS		1,973,619	3,208,470
TOTAL ASSETS LESS CURRENT LIABILITIES		3,970,684	3,741,864

continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2024

	Note	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities		80,407	43,614
Deferred tax liabilities		101,922	77,795
Total non-current liabilities		182,329	121,409
Net assets		3,788,355	3,620,455
EQUITY			
Equity attributable to owners of the Company			
Share capital	17	2,543,048	2,543,048
Other reserves		(281,238)	(296,242)
Retained profits		1,340,883	1,197,774
		3,602,693	3,444,580
Non-controlling interests		185,662	175,875
Total equity		3,788,355	3,620,455

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to owners of the Company							
	Share capital RMB'000 (note 17)	Statutory reserves RMB'000	Share-based payment reserves		Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
			payment reserves RMB'000 (note 18)	Other reserves RMB'000				
At 1 January 2024 (audited)	2,543,048	83,992*	6,927*	(387,161)*	1,197,774	3,444,580	175,875	3,620,455
Profit for the period	—	—	—	—	277,675	277,675	9,787	287,462
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	—	—	—	459	—	459	—	459
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	170	—	170	—	170
Total comprehensive income for the period	—	—	—	629	277,675	278,304	9,787	288,091
Shares repurchased	—	—	—	—	(3,520)	(3,520)	—	(3,520)
Equity-settled share option arrangements	—	—	3,935	—	—	3,935	—	3,935
Transfer to statutory reserves	—	10,440	—	—	(10,440)	—	—	—
Final 2023 dividend declared (note 8)	—	—	—	—	(120,606)	(120,606)	—	(120,606)
At 30 June 2024 (unaudited)	2,543,048	94,432*	10,862*	(386,532)*	1,340,883	3,602,693	185,662	3,788,355

* These reserve accounts comprise the consolidated reserves in the interim condensed consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to owners of the Company							Total equity RMB'000
	Share capital RMB'000 (note 17)	Statutory reserves RMB'000	Share-based payment reserves		Other reserves RMB'000	Retained profits RMB'000	Non-controlling interests RMB'000	
			payment reserves RMB'000 (note 18)	Other reserves RMB'000				
At 1 January 2023 (audited)	2,543,048	54,748	—	(387,267)	1,012,036	3,222,565	168,661	3,391,226
Profit for the period	—	—	—	—	247,691	247,691	8,758	256,449
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	—	—	—	720	—	720	—	720
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	1,024	—	1,024	—	1,024
Total comprehensive income for the period	—	—	—	1,744	247,691	249,435	8,758	258,193
Contribution from non-controlling interests	—	—	—	—	—	—	1,795	1,795
Equity-settled share option arrangements	—	—	2,944	—	—	2,944	—	2,944
Transfer to statutory reserves	—	15,861	—	—	(15,861)	—	—	—
Final 2022 dividend declared	—	—	—	—	(147,627)	(147,627)	—	(147,627)
At 30 June 2023 (unaudited)	2,543,048	70,609	2,944	(385,523)	1,096,239	3,327,317	179,214	3,506,531

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	287,821	370,441
Income tax paid	(78,675)	(77,923)
Net cash flows from operating activities	209,146	292,518
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	(5,553)	(7,291)
Proceeds from disposal of items of property, plant and equipment	13	10
Purchase of intangible assets	(6)	(1,210)
Increase in time deposits	(2,123,939)	—
Net cash flows used in investing activities	(2,129,485)	(8,491)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions from non-controlling interests	—	1,795
Shares repurchased	(3,178)	—
Principal elements and interest elements of lease payments	(38,750)	(29,235)
Net cash flows used in financing activities	(41,928)	(27,440)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,962,267)	256,587
Cash and cash equivalents at beginning of period	4,695,204	4,360,789
Effect of foreign exchange rate changes, net	218	2,194
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,733,155	4,619,570
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,957,922	4,651,549
Less: Time deposits	2,133,001	—
Less: Restricted bank deposits	91,766	31,979
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	2,733,155	4,619,570

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2024

1 CORPORATE AND GROUP 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 condensed consolidated financial information is presented in Renminbi ("RMB"), unless otherwise stated. This interim condensed consolidated financial information was approved for issue by the board of directors on 20 August 2024.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

The financial information relating to the year ended 31 December 2023 that is included in the interim condensed consolidated statement of financial position 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 those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditor has reported on the financial statements for the year ended 31 December 2023. 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 section 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2024

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of the above revised standards has had no significant financial effect on the interim condensed consolidated financial information.

4 OPERATING 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.

– 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 and gains, net, unallocated operating costs, finance costs and income tax expenses. Revenue recognised at a point in time from contracts with customers mainly represents commission income from carpark space sales assistance services and estate agency services and revenue from sales of goods. Other revenue from contracts with customers is recognised over time.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2024

4 OPERATING SEGMENT INFORMATION (continued)

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

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 months ended 30 June 2024 (six months ended 30 June 2023: Nil).

The following table presents revenue and results regarding the Group's operating and reportable segments for the six months ended 30 June 2024 and 30 June 2023 respectively.

Six months ended 30 June 2024	Non-commercial property management and value- added services (Unaudited) RMB'000	Commercial property management and operational services (Unaudited) RMB'000	Group (Unaudited) RMB'000
Segment revenue			
Revenue from contracts with customers			
– At a point in time	385,239	—	385,239
– Over time	1,216,035	358,651	1,574,686
Revenue from other sources	—	250	250
Total segment revenue	1,601,274	358,901	1,960,175
Segment results	244,342	105,622	349,964
Other income and gains, net			55,311
Unallocated operating costs			(7,907)
Finance costs			(3,030)
Income tax expenses			(106,876)
Profit for the period			287,462
Segment results include:			
Depreciation	19,730	27,254	46,984
Amortisation	6,591	—	6,591
Impairment losses on financial and contract assets, net	6,791	107	6,898
Share of profits and losses of joint ventures	469	—	469

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2024

4 OPERATING 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 2024 and 30 June 2023 respectively. (continued)

	Non-commercial property management and value- added services (Unaudited) RMB'000	Commercial property management and operational services (Unaudited) RMB'000	Group (Unaudited) RMB'000
Six months ended 30 June 2023			
Segment revenue			
Revenue from contracts with customers			
– At a point in time	343,751	—	343,751
– Over time	866,897	300,567	1,167,464
Revenue from other sources	142	489	631
Total segment revenue	1,210,790	301,056	1,511,846
Segment results	225,685	76,691	302,376
Other income and gains, net			58,466
Unallocated operating costs			(7,502)
Finance costs			(2,444)
Income tax expenses			(94,447)
Profit for the period			256,449
Segment results include:			
Depreciation	15,904	19,707	35,611
Amortisation	6,425	—	6,425
Net impairment losses/(reversal of impairment losses) on financial and contract assets	3,142	(188)	2,954
Share of profits and losses of a joint venture	28	—	28

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2024

4 OPERATING SEGMENT INFORMATION (continued)

An analysis of the Group's revenue by category for the six months ended 30 June 2024 and 2023 is as follows:

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Non-commercial property management and value-added services		
– Property management services	600,948	457,936
– Value-added services to non-property owners	354,817	352,380
– Community value-added services	645,509	400,474
Subtotal	1,601,274	1,210,790
Commercial property management and operational services		
– Commercial operation and management services	308,096	250,881
– Market positioning consultancy and tenant sourcing services	50,805	50,175
Subtotal	358,901	301,056
Total	1,960,175	1,511,846

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2024

4 OPERATING SEGMENT INFORMATION (continued)

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2024 and 31 December 2023:

As at 30 June 2024 (unaudited)	Non-commercial property management and value- added services RMB'000	Commercial property management and operational services RMB'000	Total RMB'000
Segment assets	4,892,222	540,486	5,432,708
Equity investments at FVOCI			33,865
Prepaid income taxes			30,868
Deferred tax assets			15,033
Other corporate assets			1,492,351
Total assets			7,004,825
Segment liabilities	2,380,262	563,644	2,943,906
Deferred tax liabilities			101,922
Tax payable			40,642
Other corporate liabilities			130,000
Total liabilities			3,216,470
Capital expenditure	42,677	41,773	84,450
As at 31 December 2023 (audited)			
Segment assets	3,791,836	968,116	4,759,952
Equity investments at FVOCI			33,624
Prepaid income taxes			26,916
Deferred tax assets			12,677
Other corporate assets			1,573,975
Total assets			6,407,144
Segment liabilities	2,137,562	529,306	2,666,868
Deferred tax liabilities			77,795
Tax payable			30,189
Other corporate liabilities			11,837
Total liabilities			2,786,689
Capital expenditure	25,113	82,579	107,692

No geographical segment analysis is shown as more than 97.5% of the Group's revenue are derived from activities in and from customers located in the Mainland China and more than 96.3% of the carrying values of the Group's non-current assets excluding deferred tax assets are situated in the Mainland China.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2024

5 PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Employee benefit expenses	513,260	520,406
Gardening and cleaning	256,788	176,051
Cost of goods sold	174,199	119,089
Subcontractor costs for decoration and other services	275,832	104,231
Maintenance costs	103,364	70,924
Depreciation of property, plant and equipment	7,303	7,800
Depreciation of right-of-use assets	39,681	27,811
Amortisation of intangible assets	6,591	6,425
Impairment losses on financial and contract assets, net		
– Trade receivables	6,549	2,003
– Contract assets	270	42
– Prepayments, other receivables and other assets	79	909
Total	6,898	2,954
Bank interest income*	(52,898)	(51,641)
Additional input value-added tax deduction	—	(4,820)
Government grants	(1,538)	(3,159)
Foreign exchange losses, net	30	3,137

* This item is included in "Other income and gains, net" in the interim condensed consolidated statement of profit or loss.

6 FINANCE COSTS

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Interest expense on lease liabilities	3,030	2,444

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2024

7 INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Subsidiaries of the Group operating in the Mainland China are subject to the PRC corporate income tax ("CIT") rate of 25% for the reporting period. 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 months ended 30 June 2024, the "Small Low-Profit Enterprise" whose taxable income is 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.

Guangzhou Yueguan Intelligent Technology Co., Ltd. ("Yueguan Intelligent") 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. On 12 December 2022, the filing of Yueguan Intelligent's renewal of the High and New Technology Enterprise qualification for another 3 years starting from 1 January 2022 was completed.

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.

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Current income tax	85,176	87,614
Deferred income tax	21,700	6,833
Total	106,876	94,447

8 DIVIDENDS

The proposed 2023 final dividend of RMB0.079 per ordinary share, totaling RMB120,606,000, was approved by the Company's shareholders at the annual general meeting on 12 June 2024. It was recorded in "other payables and accruals" in the interim condensed consolidated statement of financial position and was subsequently distributed in July 2024.

On 20 August 2024, the board of directors declared an interim dividend of RMB0.091 (six months ended 30 June 2023: RMB0.081) per ordinary share, amounting to a total of approximately RMB138,838,000 (six months ended 30 June 2023: RMB124,411,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2024

9 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 1,521,975,000 (six months ended 30 June 2023: 1,522,030,000) in issue during the period.

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 June 2024 and 2023, in respect of a dilution as the impact of the share options had an anti-dilutive effect on the basic earnings per share amounts presented.

The calculation of basic and diluted earnings per share is based on:

	For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
<u>Earnings</u>		
Earnings attributable to ordinary equity holders of the Company (RMB'000)	277,675	247,691
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period (in thousand)	1,521,975	1,522,030
<u>Earnings per share</u>		
Basic and diluted (RMB per share)	0.18	0.16

10 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets at a cost of RMB5,553,000 (30 June 2023: RMB7,291,000).

Assets with a net book value of RMB54,000 were disposed by the Group during the six months ended 30 June 2024 (30 June 2023: RMB416,000), resulting in a net loss on disposal of RMB41,000 (30 June 2023: RMB35,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2024

11 RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and the movements during the period are as follows:

	Properties RMB'000
As at 1 January 2024 (audited)	103,691
Additions	78,891
Depreciation charge (note 5)	(39,681)
As at 30 June 2024 (unaudited)	142,901
As at 1 January 2023 (audited)	76,394
Additions	57,910
Termination	(1,510)
Depreciation charge (note 5)	(27,811)
As at 30 June 2023 (unaudited)	104,983

12 INTANGIBLE ASSETS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Goodwill	260,408	260,408
Customer relationships	58,643	63,349
Computer software	7,284	9,164
Total	326,335	332,921

During the six months ended 30 June 2024, the Group purchases intangible assets at a cost of RMB6,000 (30 June 2023: RMB1,210,000).

No intangible assets were disposed by the Group during the six months ended 30 June 2024 (30 June 2023: Nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2024

13 TRADE RECEIVABLES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade receivables (note (a))		
– Related parties (note 19(c))	400,229	341,997
– Third parties	403,203	267,289
Subtotal	803,432	609,286
Impairment allowance	(42,311)	(35,762)
Total	761,121	573,524

- (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) An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
0 - 30 days	234,050	211,835
31 - 180 days	339,995	241,769
181 - 365 days	124,825	70,783
1 to 2 years	82,178	62,321
2 to 3 years	7,385	6,345
Over 3 years	14,999	16,233
Total	803,432	609,286

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2024

14 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Other receivables		
– Property management costs recoverable from third parties (note (a))	92,376	83,395
– Property management costs recoverable from related parties (note (a) and note 19(c))	76,256	26,891
– Payments on behalf of third-party residents and tenants (note (b))	116,330	105,299
– Guarantee deposits paid to related parties (note (c) and note 19(c))	20,218	28,330
– Guarantee deposits paid to third parties (note (c))	101,091	74,931
– Others		
– Related parties (note 19(c))	71,225	47,080
– Third parties	28,798	39,202
– Accrued interest receivable	5,681	—
	511,975	405,128
Impairment allowance	(12,050)	(11,971)
Subtotal	499,925	393,157
Prepayments		
– Related parties (note 19(c))	3,296	4,461
– Third parties	64,602	42,614
Subtotal	67,898	47,075
Other prepaid taxes	5,218	13,200
Total	573,041	453,432

- (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 CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2024

15 TRADE PAYABLES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade payables		
– Related parties (note 19(c))	18,561	15,787
– Third parties	610,267	383,490
Total	628,828	399,277

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

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 1 year	592,968	367,560
1 to 2 years	23,227	15,944
2 to 3 years	1,375	3,017
Over 3 years	11,258	12,756
Total	628,828	399,277

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2024

16 OTHER PAYABLES AND ACCRUALS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Other payables		
– Advances for property management services from related parties (note (a) and note 19(c))	56,203	46,697
– Advances for property management services from third parties (note (a))	253,547	263,526
– Guarantee deposits received from related parties (note (b) and note 19(c))	103,179	93,496
– Guarantee deposits received from third parties (note (b))	387,504	382,382
– Receipts on behalf of residents or tenants from related parties (note (c) and note 19(c))	4,044	5,359
– Receipts on behalf of residents or tenants from third parties (note (c))	205,682	220,033
– Dividend payables to related parties (note 19(c))	99,328	11,273
– Dividend payables to third parties	32,799	—
– Accrued expenses to third parties	104,528	105,156
– Accrued expenses to related parties (note 19(c))	1,186	569
– Others	21,756	20,061
Subtotal	1,269,756	1,148,552
Accrued payroll liabilities	144,561	179,508
Other tax payables	53,014	34,508
Total	1,467,331	1,362,568

- (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 CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2024

17 SHARE CAPITAL

The Company repurchased 1,172,000 of its shares on the Hong Kong Stock Exchange at a total consideration of approximately RMB3,520,000, which was paid wholly out of retained profits in accordance with section 257 of the Hong Kong Companies Ordinance. The total consideration for the purchase of the shares of RMB3,520,000 has been charged to retained profits of the Company and the amount of RMB3,178,000 was paid in the six months ended 30 June 2024.

18 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 share option scheme 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") were resolved to be conditionally granted by the Company to the Eligible Participants if those options are fully exercised.

The share option scheme is 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 has been fulfilled. Thus, the options were granted to the relevant selected participants during the year ended 31 December 2023.

The Group recognised a share award expense of RMB3,935,000 (30 June 2023: RMB2,944,000) during the period ended 30 June 2024 in relation to the share option scheme. The above share-based payment reserves is recognised and measured in accordance with HKFRS 2 Share-based Payment.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2024

19 RELATED PARTY TRANSACTIONS

(a) Name and relationship

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 six months ended 30 June 2024, and their relationship with the Group as at 30 June 2024:

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

(b) The Group had the following transactions with related parties during the period:

	Note	For the six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Provision of services and sales of goods	(ii)		
– Ultimate holding company		633	451
– Intermediate holding company		31	31
– Fellow subsidiaries		559,566	498,104
– Non-controlling interests of Yuexiu Property and its subsidiaries		101,847	96,266
– Associates and joint ventures of Yuexiu Property		106,227	107,042
Total		768,304	701,894
Purchase of goods and services			
– Fellow subsidiaries		4,062	3,217
Addition of right-of-use assets			
– Fellow subsidiaries		—	3,490
– Associates and joint ventures of Yuexiu Property		51,065	4,803
Total		51,065	8,293
Rental expenses (short-term leases)			
– Fellow subsidiaries		3,320	3,336
– Non-controlling interests of Yuexiu Property and its subsidiaries		—	898
– Associates and joint ventures of Yuexiu Property		9,214	11,457
Total		12,534	15,691

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2024

19 RELATED PARTY TRANSACTIONS (continued)

(b) The Group had the following transactions with related parties during the period: (continued)

Notes:

- (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) Outstanding balances with related parties

	Note	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade receivables	(i)		
– Ultimate holding company		851	106
– Intermediate holding company		128	32
– Fellow subsidiaries		234,810	215,593
– Non-controlling interests of Yuexiu Property and its subsidiaries		84,206	56,231
– Associates and joint ventures of Yuexiu Property		80,234	70,035
Total		400,229	341,997
Contract assets	(i)		
– Fellow subsidiaries		77,007	44,791
– Associates and joint ventures of Yuexiu Property		10,665	11,858
Total		87,672	56,649
Prepayments, other receivables and other assets	(i)		
– Ultimate holding company		1,360	1,401
– Intermediate holding company		287	287
– Fellow subsidiaries		78,530	36,113
– Non-controlling interests of Yuexiu Property and its subsidiaries		16,712	17,125
– Associates and joint ventures of Yuexiu Property		74,106	51,836
Total		170,995	106,762
Trade payables	(i)		
– Fellow subsidiaries		11,278	10,026
– Non-controlling interests of Yuexiu Property and its subsidiaries		745	2,182
– Associates and joint ventures of Yuexiu Property		6,538	3,579
Total		18,561	15,787

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2024

19 RELATED PARTY TRANSACTIONS (continued)

(c) Outstanding balances with related parties (continued)

	Note	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Other payables and accruals	(ii)		
– Ultimate holding company		2,596	1,576
– Immediate holding company		80,880	—
– Fellow subsidiaries		101,323	93,572
– Non-controlling interests of Yuexiu Property and its subsidiaries		23,382	11,628
– Associates and joint ventures of Yuexiu Property		55,759	50,618
Total		263,940	157,394
Contract liabilities	(i)		
– Ultimate holding company		—	23
– Intermediate holding company		—	5
– Fellow subsidiaries		90,718	74,760
– Non-controlling interests of Yuexiu Property and its subsidiaries		1,870	697
– Associates and joint ventures of Yuexiu Property		36,227	10,599
Total		128,815	86,084
Bank deposits	(i)		
– A fellow subsidiary		572,611	43,631
Lease liabilities			
– Fellow subsidiaries		11,738	13,425
– Non-controlling interests of Yuexiu Property and its subsidiaries		—	4,332
– Associates and joint ventures of Yuexiu Property		47,573	2,388
Total		59,311	20,145

(i) The balances of trade receivables, contract assets, prepayments, other receivables and other assets, 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 of other payables and accruals 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.

(d) Compensation of key management personnel of the Group

Compensation for key management including directors amounted to RMB4,062,000 for the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB3,692,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2024

20 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2024 RMB'000	31 December 2023 RMB'000	30 June 2024 RMB'000	31 December 2023 RMB'000
Financial assets				
Equity investments at FVOCI	33,865	33,624	33,865	33,624

The Group's finance department performs the valuation of level 3 fair values for financial reporting purposes. The level 3 financial assets were valued by an independent qualified valuer and discussion of valuation processes and results are held between the management and valuer at least once every six months.

The fair value of equity investments at FVOCI is derived through using the Summation Method. The Summation Method is a method that calculates the value of an asset by the addition of the separate values of its component parts.

If the expected value of each asset of equity investments at FVOCI 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 RMB333,000 higher/lower as at 30 June 2024 (31 December 2023: RMB332,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2024

20 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

FAIR VALUE HIERARCHY

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments at FVOCI	—	—	33,865	33,865

As at 31 December 2023

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments at FVOCI	—	—	33,624	33,624

The movements in fair value measurements within Level 3 during the period are as follows:

EQUITY INVESTMENTS AT FVOCI

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Opening balance at 1 January	33,624	32,156
Gains recognised in other comprehensive income	241	1,241
Closing balance at 30 June	33,865	33,397

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (six months ended 30 June 2023: Nil).

OTHER INFORMATION

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As of 30 June 2024, 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 C3 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. Zhang Jin (Note 3)	Personal	1,048,800 ^(Note 2)	0.07%

Notes:

- (1) The total number of 1,521,449,677 shares of the Company in issue as at 30 June 2024 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 2024.

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 4)
Mr. Zhu Huisong	Beneficial owner	64,757	0.002%
Mr. Zhang Jianguo (Note 1)	Beneficial owner/beneficiary of a trust	1,977,689	0.05%
Mr. Zhang Jin (Note 2)	Beneficial owner/beneficiary of a trust	331,173	0.01%
Mr. Zhang Chenghao (Note 3)	Beneficial owner/beneficiary of a trust	115,162	0.003%

OTHER INFORMATION

Notes:

- (1) Mr. Zhang Jianguo was interested in 1,977,689 shares of Yuexiu Property, out of which 1,557,712 shares were owned by him as beneficial owner and 419,977 shares were held for him as a beneficiary under the Yuexiu Property Company Limited share incentive scheme trust for directors and senior management.
- (2) Mr. Zhang Jin was interested in 331,173 shares of Yuexiu Property, out of which 231,936 shares were owned by him as beneficial owner and 99,237 shares were held for him as a beneficiary under the Yuexiu Property Company Limited share award scheme trust for employees.
- (3) Mr. Zhang Chenghao was interested in 115,162 shares of Yuexiu Property, out of which 15,439 shares were owned by him as beneficial owner and 99,723 shares were held for him as a beneficiary under the Yuexiu Property Company Limited share award scheme trust for employees.
- (4) The total number of 4,025,392,913 shares of Yuexiu Property in issue as at 30 June 2024 was used for the calculation of the approximate percentage of shareholding.

Save as disclosed above, as of 30 June 2024, 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 2024, 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)	66.95%
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)	66.95%
Yuexiu Property	Interest in a controlled corporation (Note 2)	1,018,600,000 (L)	66.95%
Guangzhou Construction & Development Holdings (China) Limited ("GCD China")	Beneficial owner (Note 2)	1,018,600,000 (L)	66.95%
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 1,521,449,677 shares of the Company in issue as at 30 June 2024 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 2024, 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 (the "**Options**") to them as incentives or rewards. Details of which were set out in 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 (the "**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 (the "**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.

OTHER INFORMATION

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 (the "**Exercise Price**") for such number of Shares as the Board may determine.

"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.

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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. The number of options available for grant under the Share Option Scheme as at 1 January 2024 and as at 30 June 2024 were 137,216,417 Shares, representing approximately 9.02% of the Shares in issue as at 1 January 2024 and as at 30 June 2024. As none of the Options have been vested during the six months ended 30 June 2024, 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 2024.

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).

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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
- (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**").

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DETAILS AND MOVEMENTS OF OPTIONS DURING THE SIX MONTHS ENDED 30 JUNE 2024

The details and the movement of the options granted under this Share Option Scheme during the six months ended 30 June 2024 are as below:–

Grantees	Outstanding options as at 1 January 2024	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 2024
Zhang Jin	1,048,800	30 December 2022	3.334	3.310	(Note 1)	N/A (Note 2)	0	1,048,800 (Note 3)
Senior management and core employees of the Group	13,937,800	30 December 2022	3.334	3.310	(Note 1)	N/A (Note 2)	0	13,937,800 (Note 3)
Total	14,986,600							14,986,600

Notes:

- 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

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- (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.
2. None of the options that were conditionally granted had become exercisable during the six months ended 30 June 2024.
 3. During the six months ended 30 June 2024, no Options have been granted.

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 C1 to the Listing Rules. During the Period, the Company had complied with all code provisions as set out in Part 2 of Appendix C1 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. Leung Yiu Man 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.

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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

The Directors were authorised by the shareholders of the Company at the Company's annual general meetings to effect repurchase of the Company's ordinary shares not exceeding 10% of the total number of the Company's issued shares as at the dates of the resolutions being passed, details of which was announced on 20 May 2024.

During the Period, the Company repurchased an aggregate of 1,172,000 ordinary shares for a total consideration (excluding expenses) of approximately HKD3.7 million on the Stock Exchange, out of which 580,500 ordinary shares were cancelled during the Period and the remaining 591,500 ordinary shares were subsequently cancelled in July 2024. Details of the ordinary shares repurchased are as follows:

Month of repurchase in 2024	Number of ordinary shares repurchased	Consideration per share		Aggregate consideration paid (excluding expenses) HKD'000
		Highest HKD	Lowest HKD	
June	1,172,000	3.30	3.09	3,744

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company was closed from Wednesday, 4 September 2024 to Thursday, 5 September 2024, 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, 3 September 2024.