Evergrande Property Services Group Limited
恒大物業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6666

2024 Interim Report

CONTENTS

Corporate Information	2
Chairman's Statement	4
Management Discussion and Analysis	11
Corporate Governance and Other Information	26
Report on Review of Interim Condensed Consolidated Financial Statements	31
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	33
Condensed Consolidated Statement of Financial Position	34
Condensed Consolidated Statement of Changes in Equity	36
Condensed Consolidated Statement of Cash Flows	37
Notes to the Condensed Consolidated Financial Statements	38

Corporate Information

Board of Directors

Executive Directors

Mr. Duan Shengli *(Chairman)*
Mr. Han Chao
Mr. Hu Xu

Non-executive Directors

Mr. Sang Quan
Mr. Lin Wuchang

Independent Non-executive Directors

Mr. Peng Liaoyuan
Ms. Wen Yanhong
Mr. Dong Xinyi

Audit Committee

Ms. Wen Yanhong *(Chairwomen)*
Mr. Peng Liaoyuan
Mr. Dong Xinyi

Remuneration Committee

Mr. Dong Xinyi *(Chairman)*
Ms. Wen Yanhong
Mr. Han Chao

Nomination Committee

Mr. Duan Shengli *(Chairman)*
Mr. Peng Liaoyuan
Mr. Dong Xinyi

Authorized Representatives

Mr. Duan Shengli
Mr. Cheng Ching Kit

Joint Company Secretaries

Mr. Hu Xu
Mr. Cheng Ching Kit

Headquarters and Principal Place of Business in the PRC

Third Compartment of Room 3101
No. 78, Huangpu Ave West
Tianhe District
Guangzhou
Guangdong, PRC

Principal Place of Business in Hong Kong

Room 2201, 22/F, YF Life Centre
38 Gloucester Road
Wanchai
Hong Kong

Registered Office

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Auditors

Prism Hong Kong Limited
(Formerly known as Prism Hong Kong and Shanghai Limited)
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal Advisers

Sidley Austin

Principal Banks

Bank of China Limited
Agricultural Bank of China Limited
Industrial and Commercial Bank of China Limited
China Construction Bank Corporation
China Merchants Bank Co., Ltd.
Bank of Communications Co., Ltd.

Stock Code on Main Board of The Stock Exchange of Hong Kong Limited

6666

Company's Website

www.evergrandeservice.com

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Evergrande Property Services Group Limited (the "**Company**", together with its subsidiaries, the "**Group**"), I am pleased to present the interim results of the Group for the six months ended 30 June 2024 (the "**Period**").

In recent years, governments at all levels, from the central to local, have continued to introduce a number of favourable policies for the industry, encouraging property service enterprises to develop the "property service + life service" model, and to develop diversified life services such as community care for the elderly, nursery care, housekeeping, retailing and property agency, thus providing the industry with ample room for development. However, due to the continuous shrinkage of the upstream market, the competition among property service enterprises has become increasingly fierce and the growth rate of the scale has continued to slow down. In addition, the Group has been affected by its related parties, which continued to exert pressure on its brand image, market expansion and project operations. In view of the current situation, high-quality scale growth and efficiency enhancement have become our focus, and high-quality service has become the key to break the deadlock. In the face of new challenges and opportunities in the industry, we have always adhered to our service ethos and continued to build up our development momentum by comprehensively enhancing our comprehensive service capabilities, guided by the principle of "consolidate fundamental, improve efficiency, stabilize growth and seek breakthrough (固根本、提效能、穩增長、尋突破)", tapping into customers' needs to strengthen word-of-mouth, and promoting the development of diversified businesses with service quality thereby forming a virtuous cycle of high-quality development. Meanwhile, we have insisted on market expansion and continue to strengthen our competitive strength, so as to promote the Company's cross-cycle, sustainable and high-quality development.

With the concerted efforts of all staff members, the Group's management scale expanded steadily in the first half of 2024 and operating revenue continued to grow. While the Group's gross profit and net profit declined to a certain extent as a result of increased capital investment in projects under management during the Period in terms of renewal of facilities and equipment and enhancement of the community environment, adoption of a more prudent approach to revenue recognition and the impact of non-operating expenses such as late tax payment, the Group's strategic businesses such as asset management services and community living services grew steadily and its financial position continued to improve.

As at 30 June 2024, the Group had total contracted gross floor area ("**GFA**") of approximately 794 million sq.m., and GFA under management of approximately 555 million sq.m.. During the Period, the cumulative newly signed contracted GFA from third parties exceeded 21 million sq.m., representing a period-on-period increase of over 40%, with a total contract value of approximately RMB600 million.

For the six months ended 30 June 2024, the Group achieved operating revenue of approximately RMB6,220.2 million, representing a period-on-period growth of approximately 1.2%, of which asset management services performed impressively, achieving revenue of approximately RMB406.2 million, representing a period-on-period growth of approximately 12.2%; community living services made steady progress, achieving revenue of approximately RMB427.6 million, representing a period-on-period growth of approximately 3.8%. The Group achieved a gross profit of approximately RMB1,256.1 million during the Period, representing a period-on-period decrease of approximately 16.2%, and a net profit of approximately RMB499.8 million, representing a period-on-period decrease of approximately 36.8%. Profit attributable to owners of the Company was approximately RMB500.5 million and basic earnings per share was approximately RMB0.05.

As at 30 June 2024, the Group's monetary funds increased by approximately RMB21.6 million as compared with the end of 2023, and net assets increased by approximately RMB437.7 million as compared with the end of 2023. In addition, as of the date of this report, the Group has made back payments of income tax for the years 2021 and 2022 of approximately RMB642.5 million and settled payment of income tax for the year 2023 of approximately RMB251.1 million as scheduled, and the financial position of the Company continues to improve.

The Group has always been committed to giving back to the society while promoting the prosperous development of its business, striving to achieve a win-win situation for our customers, employees, the society, investors and partners. We have integrated social responsibility into our corporate development vision and created a safe, comfortable, harmonious and coexisting living environment for our customers through the provision of refined and humanized property management services. Meanwhile, we focus on listening to our customers' voices and making targeted efforts to do practical work, perform good deeds, and solve difficult problems (辦實事、做好事、解難事) for property owners, so as to enhance their sense of achievement and happiness. In addition, during the Period, we extensively carried out a number of social welfare activities, such as supporting the military and treating their families preferentially (擁軍優屬), assisting agriculture and helping farmers (助農扶農), rescuing and relieving disasters (救援賑災), and providing convenient services to the public, actively fulfilling our social responsibilities, and conveying love and warmth through practical actions, which won widespread praise from all walks of life and effectively enhanced the brand image and competitiveness of the enterprise.

In the future, the Group will continue to maintain strategic certainty, develop innovative thinking, work hard and move forward with determination, and endeavor to promote the Company to a new stage of high-quality development.

Strategy I: Strive for excellence and continue to deliver high-quality services

Strengthen the foundation of high-quality services. We have taken "set standards and strengthen quality control (立標準、強品控)" as the key to constructing a complete closed-loop mechanism of "understanding customer expectations - innovating service design - evaluating service experience - upgrading service quality". Through the re-engineering of the service scene, optimization of business processes and technological empowerment, we promote the synergy and upgrading of the entire chain of property management services, enhance the efficiency of responding to customers' demands, effectively convert new quality productivity into new quality service, and continue to provide customers with safe, considerate and caring quality services.

Continuously invest in building better homes. We have launched the "Home Renewal (家園煥新)" project in the areas of home return routes, living environment, security and fire fighting equipment, etc. Meanwhile, we have taken into consideration the residential attributes and spiritual and cultural needs of all-age families in the community, and have made great efforts to build a brand of Jinbi community cultural activities, to create a friendly and caring community atmosphere, and to build an all-age community of good living with residential and humanistic values.

Improve the service evaluation system. We will continue to deepen our multi-dimensional and three-dimensional service evaluation system, which integrates internal monitoring and external customer feedback, to promote the magnificent transformation of service quality management from "static standards" to "dynamic optimization". Adhering to the spirit of "striving for excellence", we are committed to perfecting the smallest details and driving our property management services to new heights of "excellent quality, reachable and full of warmth (卓越品質、觸手可及、溫情滿滿)".

Strategy II: Focus on high-potential business segments to continue to meet customers' expectations for a better life

Insist on service quality and strengthen community group purchase. We adhere to "source selection (源頭甄選)", strictly control the quality of products by tracing the origin of the products, and focus on the high-frequency needs of customers to strictly select high-quality products; we adhere to "service to home (服務到家)", and give full play to the advantage of the "last 100 metres" of our service for the property owners, so as to make the service close to the property owners; we adhere to "after-sale service without any worries (售後無憂)", and make use of the digital means to enhance the efficiency of after-sale service, and respond to the demands of customers quickly and continuously improve customer satisfaction; we drive the continuous growth of the community group purchase business with good products and good service.

Fulfil the trust of the property owners and provide good to-home services. We will pay attention to the increasing demand for to-home services of the property owners, and provide safer, more intimate and higher quality to-home services with the core of housekeeping service, to-home maintenance, courtyard care and elderly care service, etc. We will promote the enhancement of customers' loyalty and repurchase rate by the word-of-mouth of the property owners, and provide the property owners with to-home living services with "services exceeding expectations", and gradually cultivate the consumer habit of "to-home service, first choice of property (上門服務,首選物業)" among the property owners, so as to become a life butler worthy of customers' trust.

Strategy III: Comprehensively enhance asset management capabilities to continuously protect the value of customers' assets

Drive business development with services. We focus on our customers' needs for rental and sale services for core assets such as houses and car parking spaces. We adopt a professional self-operated model and meet customers' personalized needs with butler-like services, providing customers with peace of mind and efficient rental and sale services by leveraging on our advantages of real property listings, professional teams and proximity to the community.

Leverage on property's advantage in on-site services. With the advantages that basic property services are closer to the property owners, we fully integrate our brokerage team with the existing property service team to reduce management costs and continuously improve the team's efficiency. With the service concept of "real property listings, real price, real worry-free, real protection (真房源、真價格、真省心、真保障)" , we have a deep insight into the needs of our customers and provide services with lower fees and better quality than those by the market to help our customers preserve and increase the value of their assets.

Pursue service extensibility. We will actively promote the synergistic development of our business to provide the property owners with extended services such as home decoration and home furnishing, house cleaning and house entrustment after leasing and selling, realizing "one-time entrustment, comprehensive service" and providing the property owners with long-term protection for their homes by means of full-process accompanying services.

Strategy IV: Continuously enhance market expansion capabilities to achieve high-quality scale expansion

Multi-brand linkage for deep ploughing into premium markets. Adhering to the multi-brand development strategy with "Jinbi" as the core, the Group will continue to cultivate and develop premium projects in key cities and inventory markets by leveraging on the Group's regional distribution and resource strengths. The Group will give full play to the professional service advantages of our subsidiary brands, such as "Yatai", "Futian", "Tianxiang" and "Jiebaili", in the fields of city services, hospitals and schools, and rail transport, and extensively expand into non-residential industries, so as to optimize the structure of our diversified business and achieve high-quality growth in the Company's scale.

Drive growth rate of the expansion by benchmark projects. Based on the principle of "expandable and manageable (拓得來、管得好)", the Company will continue to improve its multi-industry and multi-level product and service system and actively create benchmark projects in various industries. The Company has been able to build up a reputation for its services and realize horizontal market radiation and vertical business expansion through the benchmarking effect. With the projects under management as the centre of the circle, we will promote the rapid expansion of the entire peripheral industry through the high-quality service reputation, and continue to enhance the management density and operational efficiency.

Strategy V: Construct a highland of property talents to drive the Company's sustainable development

Implement the culture of "to the front line (向一線)" in depth. We advocate the concept of "dare to think, dare to do, good at achieving (敢想、敢為、善成)", and continue to promote management at all levels to go deeper into the front line to identify the crux of the problem through on-site investigation, personal experience, and thematic research, and formulate more practical and effective management strategies and service plans. As for the weak projects in the frontline, we will improve the team's business capacity point by point through correcting, helping and supporting them, so as to help the service level of the frontline continue to improve. We will continue to promote the "to the front line" culture, and drive the organization to continue to innovate and operate efficiently in practice.

To build up a multi-level talent pool. We will continue to strengthen our talent pool, adhere to the selection and employment orientation of "determining the position by ability and salary by contribution (以能力決定位置,以貢獻決定薪酬)", actively implement the appropriately advanced employment mechanism and fault-tolerance mechanism, and carry out focused cultivation and tracking management of key positions, so as to construct a clearly defined, reasonably structured and energetic management of reserve, and to provide strong talent support for the long-term development of the enterprise.

Deeply promote the innovation of the project management structure at the grassroots level. The traditional project management model generally has shortcomings such as complicated hierarchical structure and serious information barriers. The Group adheres to the concept of seeking new ideas and changes, focuses on the concept of multi-purpose employment, and continues to make efforts to innovate and create frontline organizational structures, breaking the unchanging departmental settings and promoting the "big departmental system (大部制)" and "big butler (大管家)" for efficient implementation, so as to achieve structural reengineering of the grassroots management. Through the integration of elements and resources, structural innovation is achieved, thereby unleashing new quality productivity and enhancing management efficiency and service levels.

Strategy VI: Continuously strengthen the digital intelligence construction to comprehensively empower the Company's high-quality operations

Digital intelligence management helps to reduce costs and increase efficiency. We will continue to deepen our technological capabilities, strengthen our intelligent operations, and actively promote the iteration and upgrading of our core business systems. Through the use of cloud computing, artificial intelligence, big data and other technologies, we will create more intelligent and more flexible management tools to further streamline business processes, enhance cross-departmental collaboration, establish efficient linkages between business and management, and comprehensively enhance the Group's operational efficiency.

Digital intelligent services help to enhance customer experience. We will build a customer-centric service platform, deeply promote the construction of intelligent communities, and achieve the seamless convergence of online and offline services, and the integrated fusion of on-site services and remote operations, so as to comprehensively enhance service efficiency and quality and create an outstanding service experience for customers.

Strategy VII: Always adhere to the leadership of party building and proactively integrate into community governance at the grassroots level

The Group adheres to the leadership of party building and continue to innovate the "party building + property" model by actively building red venues such as community council chambers, party members' activity rooms and party members' vanguard posts. Under the guidance of local party organizations, the Group has been actively linking all parties to form a synergy of party building and governance, and to jointly solve the tenants' problems of "urgent, difficult, worrying and hopeful (急難愁盼)"; and continue to analyze typical cases in depth and extract excellent experiences, continuously optimize the implementation plan of the red property, and improve the construction of the community service system under the leadership of party building, so as to enhance the sense of well-being and satisfaction of the general residents.

At present, the growing expectations of property owners for a better life and their significantly increased sensitivity to property service price, coupled with the intensifying market competition in the industry, have imposed higher requirements on property service enterprises. Meanwhile, the Group has encountered multiple challenges in brand building and market expansion due to the influence of related parties, and some of the projects delivered by related parties are also under certain operational pressure. We believe that under the strong leadership of the Board and the management, the Group will face up to the challenges and continue to hone its internal strengths to ensure stable operation, and contribute to the sustainable development of the Company with high-quality services, high-quality expansion and refined operations.

Finally, on behalf of the Board, I would like to thank all our staff and management team for their contribution to the development of the Company, and I would also like to express my sincere gratitude to all our shareholders and stakeholders for their trust and support.

Duan Shengli
Chairman of the Board

Hong Kong, 30 August 2024

Management Discussion and Analysis

BUSINESS REVIEW

Quality is the foundation, build a better life with heart

The Group has always adhered to the service concept of "to the customer, to the front line (向客戶、向一線)", and has continued to improve its service capabilities and enhance customer experience. During the Period, the Group paid close attention to the implementation of service quality through "regular work + special action + benchmarking". It continued to conduct customer satisfaction surveys and research, project quality inspections, provide frontline project assistance and promotion of excellent experience. This approach allowed for timely identification and resolution of project problems, and encouraged regional companies to combine local characteristics with service innovations, so as to ensure that the frontline projects always maintain a high standard of service level. During the Period, the Group launched the "safety production month" activity, focusing on the safety management of non-motorized vehicles, continued to carry out safety education and in-depth investigation of potential safety hazards, in order to build up a strong defence line for the community, and to create a safe, comfortable and harmonious living environment for the property owners.

Focus on demand and precision in community living services

Taking servicing the property owners as the fundamental starting point, the Group focuses on the diversified needs of the property owners in the areas of "clothing, food, housing and transport", continuing to improve the "Jinbi Home" good living service system, and endeavoring to provide the property owners with highly efficient, convenient and diversified community living services.

During the Period, the Group vigorously developed its community group purchase business, continued to cultivate product quality and marketing scenarios, strengthened word-of-mouth communication through community operation, and gradually built up the IP of "Evergrande Optimization (恒優選)", which effectively boosted the rate of repeat purchases and penetration rate. Currently, the Group has established a community living service group covering over 1,000 projects, with approximately 300,000 high-frequency repeat purchase customers and thousands of active "Optimization Customers (優選客)". Adhering to the strategy of "selection at source, service to home, and after-sale service without any worries (源頭甄選、服務到家、售後無憂)", the Group has elaborately created a number of products with sales volume exceeding RMB10 million, during the Period, which contributed to the continuous growth of the community group purchase business, and the revenue of the community group purchase business for the Period increased by approximately 18.6% as compared with the corresponding period in 2023.

In terms of to-home services, the Group insists that service quality is the lifeline, and through the establishment of a comprehensive to-home product system and service standards, the Group will continue to strengthen the customer service experience, gradually build up the brand image of "Jinbi Home", and achieve the enhancement of customer loyalty, with the repurchase rate of orders in the first half of 2024 exceeding 60%, which has been widely acclaimed by customers, thus achieving the high-quality development of the business.

Focus on cultivation to promote quality development of asset management services

The Group has gained in-depth insights into the core needs of property owners for asset services. Based on the principle of "professional service, property owner satisfaction and after-sale service without any worries", the Group provides a full range of asset services including rental and sale of flats, car parking spaces for rent and house entrustment, striving to be the most reliable asset manager for property owners. During the Period, the Group vigorously developed its self-operated housing rental and sale business and continued to expand its coverage, with its business now covering over 100 cities and more than 700 premium projects, representing an increase in revenue of approximately 177.6% as compared with the corresponding period in 2023.

Diversified expansion, accelerate the pace of the Company's marketization

The Group has always regarded market expansion as the main growth method to enhance its management scale and efficiency. Based on the diversified brand development strategy of "Jinbi+", the Group has leveraged on the advantages of its nationwide distribution and continued to deeply plough into key cities and inventory markets, and has achieved remarkable results in its expansion through continuous enhancement of the professional competence of its outbound team and the synergistic development of its multi-brands. During the Period, the cumulative newly signed contracted GFA from third parties exceeded 21 million sq.m., representing a period-on-period increase of over 40%, with a total contract value of approximately RMB600 million; among which, inventory projects accounted for approximately 60%, which can be quickly converted from contracts and bring about a stable cash flow; non-residential projects accounted for approximately 65%, which covered a large number of landmark projects involving various industries such as railways and transportations, hospitals, industrial parks and public services in the city, etc.

Multi-measures to achieve the resonance of talents and enterprise development at the same frequency

The Group firmly believes that "talent gathering leads to development (人才聚則發展興)" and regards talent as the primary resource. We have been promoting the building of a talented workforce and the high-quality development of the Group to ensure the Group's sustainable and steady progress. During the Period, we continued to deepen our talent development work, continuously optimized the performance system, and promoted the construction of a multi-honor system, so as to enable our staff to identify gaps in the benchmarks, make up for shortcomings and strengthen weaknesses, and to make every effort to enhance the level of service; meanwhile, we actively enriched the talent pool of management and implemented the "instructor of passing, helping and leading (傳幫帶導師)" mechanism of talent cultivation, so as to enable our talents to learn in practice and grow under guidance, and to stimulate the potentials of staff through various measures, so as to promote corporate development through the advancement of talents. In addition, the Group has endeavored to implement the strategy of "refining headquarters and strengthening the frontline (精總部、強一線)" by continuously strengthening the enabling role of the headquarters and devoting more talents and resources to the frontline, so as to build up a frontline elite service team that is suitable for the development of the Company's business, and to promote the Group's high-quality development in the course of practical work.

Future Outlook

In the future, we will continue to take the road of steady and high-quality development, adhere to the customer-oriented, service-oriented, comprehensively strengthen the five core competitiveness of the brand, quality, human resources, operations, science and technology, to build the foundation of the development of property management, and is committed to providing customers with a full range of multi-level, comprehensive and high-quality services.

When a hundred boats are competing for water, those who strive for the best are the first; when a thousand sails are competing for the best, those who are courageous are the winners (百舸爭流，奮楫者先；千帆競發，勇進者勝). The Board of Directors and the management of the Group will do their utmost to lead the Company to break the waves, achieve high-quality development and create greater value and returns for our shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from four business segments: (i) property management services; (ii) community living services; (iii) asset management services; and (iv) community operation services. During the Period, the Group's total revenue was approximately RMB6,220.2 million, representing a period-on-period increase of approximately 1.2%.

The following table sets out a breakdown of revenue by business segment of the Group for the periods indicated:

	For the six months ended 30 June 2024		For the six months ended 30 June 2023		
	Revenue (RMB'000)	Percentage of total revenue (%)	Revenue (RMB'000)	Percentage of total revenue (%)	Growth rate (%)
Property management services	**5,193,797**	**83.5**	5,066,459	82.5	2.5
– Basic property management services	**5,158,058**	**82.9**	5,024,605	81.8	2.7
– Value-added services to non-property owners	**35,739**	**0.6**	41,854	0.7	-14.6
Community living services	**427,623**	**6.9**	412,059	6.7	3.8
Asset management services	**406,247**	**6.5**	362,095	5.9	12.2
Community operation services	**192,525**	**3.1**	304,504	4.9	-36.8
Total	**6,220,192**	**100.0**	6,145,117	100.0	1.2

(i) Property management services

During the Period, revenue from property management services amounted to approximately RMB5,193.8 million, representing a period-on-period increase of approximately 2.5%. Among them:

1. Revenue from basic property management services amounted to approximately RMB5,158.1 million, representing a period-on-period increase of approximately 2.7%.

   As of 30 June 2024, the Group had a total GFA under management of approximately 555 million sq.m., representing an increase of approximately 46 million sq.m. as compared with the total GFA under management of approximately 509 million sq.m. as at 30 June 2023.

   The following table sets out the changes in revenue from basic property management services by business segment of the Group for the periods indicated:

	For the six months ended 30 June 2024		For the six months ended 30 June 2023		
Project Sources	Revenue (RMB'000)	Percentage of total revenue (%)	Revenue (RMB'000)	Percentage of total revenue (%)	Growth rate (%)
Residential/ commercial, etc.	4,401,957	85.4	4,312,934	85.9	2.1
Public construction projects	723,902	14.0	679,652	13.5	6.5
City public service	32,199	0.6	32,019	0.6	0.6
Total	5,158,058	100.0	5,024,605	100.0	2.7

2. Revenue from value-added services to non-property owners amounted to approximately RMB35.7 million.

During the Period, (i) due to the principle of prudence, the Group recognized revenue from basic property management services on the basis of the consideration expected to be received for the provision of property management services to customers. For certain customers with significantly increased credit risk, the Group has not recognized revenue for the portion of the consideration from those customers for which the Group has fulfilled its performance obligations but has not yet collected the consideration, taking into account their willingness to pay the consideration when the consideration was overdue; and (ii) considering the status of related parties, the Group's revenue from property management services during the Period excluded revenue from basic property management services such as management of vacant properties relating to related parties of approximately RMB194.1 million based on the principle of robustness.

(ii) Community living services

During the Period, revenue from community living services amounted to approximately RMB427.6 million, representing a period-on-period increase of approximately 3.8%, which was mainly attributable to: (i) the Group's focus on community group purchase from the perspective of property owners' demand, with the creation of a number of featured products with sales volume exceeding RMB10 million during the Period; and (ii) based on the high-frequency demand for drinking water from property owners, the Group has expanded the scale of its self-operated facilities and launched a series of marketing activities to enhance its operating revenue.

(iii) Asset management services

During the Period, revenue from asset management services amounted to approximately RMB406.2 million, representing a period-on-period increase of approximately 12.2%, which was mainly attributable to: (i) the significant increase in business revenue as the Group continued to expand its professional leasing and sales team by leveraging on its advantage of scale, and enhanced its business proactivity and customer satisfaction; and (ii) the steady growth achieved in the revenue scale as the Group enhanced the quality of its services and optimized the parking experience following the commencement of operation of the newly delivered garages.

(iv) Community operation services

During the Period, revenue from community operation services amounted to approximately RMB192.5 million, representing a period-on-period decrease of approximately 36.8%, which was mainly attributable to the decrease in investment in business related to the leasing of merchants' premises and advertisement placement due to the weaker-than-expected impact of the general market environment.

The table below sets out a breakdown of revenue by source of the Group's revenue for the periods indicated:

Revenue sources	For the six months ended 30 June 2024		For the six months ended 30 June 2023		
	Revenue (RMB'000)	Percentage of total revenue (%)	Revenue (RMB'000)	Percentage of total revenue (%)	Growth rate (%)
Related parties	**31,317**	**0.5**	65,347	1.1	-52.1
Third parties	**6,188,875**	**99.5**	6,079,770	98.9	1.8
Total	**6,220,192**	**100.0**	6,145,117	100.0	1.2

Cost of sales

The Group's cost of sales include staff costs, greening and cleaning costs, facilities and equipment repair and maintenance costs, energy costs, taxes and other levies.

During the Period, the cost of sales of the Group increased by approximately 6.8% from approximately RMB4,646.0 million for the corresponding period in 2023 to approximately RMB4,964.1 million for the Period, which was mainly attributable to: (i) the expansion of the Group's GFA under management; (ii) the enhancement of the quality of services and the increase in investment in facilities and equipment renovation, environmental enhancement and upgrade of greenery of projects under management; and (iii) increased procurement costs as a result of the vigorous development of community living services.

Gross profit and gross profit margin

The following table sets out the breakdown of gross profit and gross profit margin by the Group's business segments for the periods indicated:

	For the six months ended 30 June 2024		For the six months ended 30 June 2023	
	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)
Property management services	843,422	16.2	1,064,045	21.0
– Basic property management services	840,147	16.3	1,060,150	21.1
– Value-added services to non-property owners	3,275	9.2	3,895	9.3
Community living services	109,785	25.7	97,348	23.6
Asset management services	224,835	55.3	202,741	56.0
Community operation services	78,049	40.5	135,030	44.3
Total	1,256,091	20.2	1,499,164	24.4

During the Period, the Group's overall gross profit amounted to approximately RMB1,256.1 million, with a gross profit margin of approximately 20.2%, representing a period-on-period decrease of approximately 4.2 percentage points.

In respect of property management services, gross profit margin decreased by approximately 4.8 percentage points from approximately 21.0% for the corresponding period in 2023 to approximately 16.2% for the Period. Among them, the gross profit margin of basic property management services decreased by approximately 4.8 percentage points from approximately 21.1% for the corresponding period in 2023 to approximately 16.3% for the Period, which was mainly attributable to: (i) based on prudence principle, for certain third-party customers with significantly increased credit risk, the Group has temporarily not recognized revenue for the portion of the consideration from those customers for which the Group has fulfilled its performance obligations but has not yet collected the consideration, taking into account their willingness to pay the consideration when the consideration was overdue, but the related costs have been recognized; and (ii) the Group has focused on improving the quality of its services and has increased its investment in the projects under management in terms of facility and equipment renewal and renovation, environmental enhancement and greenery upgrade.

In respect of community operation services, gross profit margin decreased by approximately 3.8 percentage points from approximately 44.3% for the corresponding period in 2023 to approximately 40.5% for the Period. This was mainly attributable to the decrease in investment in business related to the leasing of merchants' premises and advertisement placement due to the weaker-than-expected impact of the general market environment.

Administrative expenses

During the Period, the administrative expenses of the Group increased by approximately 33.2% from approximately RMB390.3 million for the corresponding period in 2023 to approximately RMB519.7 million for the Period, which was mainly attributable to: (i) the Group initiated proceedings with the Guangzhou Intermediate People's Court in relation to the enforcement of the deposits pledge of RMB13.4 billion by the relevant banks, thereby incurring relevant proceedings expenses of approximately RMB61.8 million; and (ii) the Group recognized bad debt losses and made partial pre-tax deduction in respect of RMB13.4 billion of pledge enforcement amount, and the related late payment of approximately RMB40.8 million incurred by the Group in respect of the related underpayment of enterprise income tax were included in the administrative expenses for the Period. As of the date of this report, the Group has paid back the income tax for the years 2021 and 2022 in the amount of approximately RMB642.5 million.

Other income

During the Period, other income amounted to approximately RMB72.3 million, representing a decrease of approximately 8.7% as compared with approximately RMB79.2 million for the corresponding period in 2023. This was mainly due to the decrease in tax incentive policy subsidies and government subsidies as compared with the corresponding period of the previous year.

Other losses

During the Period, the Group's other net losses amounted to approximately RMB25.0 million, representing a decrease of approximately 61.0% as compared with approximately RMB64.1 million for the corresponding period in 2023. Other net losses were mainly due to the impairment of goodwill and intangible assets during the Period.

Income tax expenses

During the Period, the Group's income tax expense amounted to approximately RMB182.6 million, representing a decrease of approximately 22.0% as compared with approximately RMB234.1 million for the corresponding period in 2023, which was mainly attributable to the decrease in operating profit achieved during the Period as compared with the corresponding period in 2023.

Profit for the Period

During the Period, the net profit of the Group amounted to approximately RMB499.8 million, representing a decrease of approximately 36.8% as compared with approximately RMB790.3 million for the corresponding period in 2023, and the net profit margin was approximately 8.0%, representing a decrease of approximately 4.9 percentage points as compared with the corresponding period in 2023.

During the Period, profit attributable to owners of the Company amounted to approximately RMB500.5 million, representing a decrease of approximately 35.9% as compared with approximately RMB781.3 million for the corresponding period in 2023.

Property and equipment

The Group's property and equipment mainly comprises buildings, machinery, vehicles, furniture, fixtures and equipment.

As at 30 June 2024, the net book value of the Group's property and equipment amounted to approximately RMB62.4 million, representing an increase of approximately 6.5% as compared with approximately RMB58.6 million as at 31 December 2023.

Right-of-use assets

The Group's right-of-use assets mainly comprise assets such as offices, staff quarters and operating lease assets leased by the Group. As at 30 June 2024, the Group's right-of-use assets amounted to approximately RMB19.7 million, representing a decrease of approximately RMB8.8 million as compared with approximately RMB28.5 million as at 31 December 2023, which was mainly attributable to the decrease in the remaining lease terms of the operating lease assets.

Intangible assets

The Group's intangible assets include property contracts, customer relationships, software and goodwill.

As at 30 June 2024, the Group's intangible assets amounted to approximately RMB1,564.8 million, representing a decrease of approximately RMB81.8 million as compared with approximately RMB1,646.6 million as at 31 December 2023, which was mainly attributable to the impairment and amortization of goodwill, customer relationships and property management contracts recognized by the acquired subsidiaries during the Period.

Trade and other receivables

The Group continued to enhance the quality of project services and enhance the collection of customer fees. As at 30 June 2024, the Group's trade receivables amounted to approximately RMB3,047.6 million, which was basically the same as approximately RMB3,046.6 million as at 31 December 2023. Among them, the total trade receivables from related parties of the Group were further reduced as compared with 31 December 2023.

The Group's other receivables decreased by approximately RMB5.9 million from approximately RMB462.0 million as at 31 December 2023 to approximately RMB456.1 million as at 30 June 2024.

Trade and other payables

Trade and other payables include trade payables, provisional receipts, deposits payable, consideration payable for mergers and acquisitions, wages and benefits payable, dividends payable, tax payable and estimated liabilities.

As at 30 June 2024, the Group's trade payables amounted to approximately RMB1,586.5 million, representing an increase of approximately RMB171.1 million as compared with approximately RMB1,415.4 million as at 31 December 2023, which was mainly attributable to the expansion of the Group's GFA under management and the increase in the trade payables for the related material procurement and maintenance works.

Other payables decreased by approximately RMB109.2 million from approximately RMB2,700.2 million as at 31 December 2023 to approximately RMB2,591.0 million as at 30 June 2024 (comprising long-term payables of approximately RMB137.9 million and current payables of approximately RMB2,453.1 million), which was mainly attributable to the decrease in the amount of consideration paid for business combination in previous years and the decrease in the amounts of transactions with third parties by the Group.

Contract liabilities

Contract liabilities mainly arose from prepayments made by customers for related services such as basic property management services, community living services, asset management services and community operation services that have not yet been provided. As at 30 June 2024, the Group's contract liabilities amounted to approximately RMB2,562.0 million, representing a decrease of approximately RMB87.4 million as compared with approximately RMB2,649.4 million as at 31 December 2023.

Current income tax liabilities

As at 30 June 2024, the Group's current income tax liabilities amounted to approximately RMB803.2 million, representing a decrease of approximately RMB384.3 million as compared with approximately RMB1,187.5 million as at 31 December 2023. The decrease was mainly due to: (i) the back payments of income tax for the years 2021 and 2022, and the settlement and payment of income tax for 2023 in aggregate of approximately RMB575.3 million; and (ii) the increase in income tax liabilities arising from the operating profit for the Period.

Liquidity and financial resources

As at 30 June 2024, the Group's total bank deposits and cash (including the Group's cash and cash equivalents and restricted cash) amounted to approximately RMB2,445.6 million, representing an increase of approximately RMB439.1 million as compared with approximately RMB2,006.5 million as at 31 December 2023, which was mainly due to the redemption of financial assets of approximately RMB417.5 million during the Period.

Of the Group's total bank deposits and cash, restricted bank deposits of approximately RMB125.5 million mainly represented the industry regulatory funds of Evergrande Insurance Agency Co., Ltd., deposits for the provision of property management services as required by local government authorities, cash restricted to projects managed on a remuneration basis only and funds for litigation preservation of some subsidiaries.

As at 30 June 2024, the net current liabilities of the Group amounted to approximately RMB1,477.2 million (31 December 2023: net current liabilities of approximately RMB1,907.3 million). The Group's current ratio (current assets/current liabilities) was approximately 0.80 times (31 December 2023: 0.76 times).

As at 30 June 2024, the Group did not have any borrowing. Accordingly, the gearing ratio (calculated as total borrowings divided by total equity at the date indicated) as at 30 June 2024 was nil (31 December 2023: nil).

MAJOR RISKS AND UNCERTAINTIES

The major risks and uncertainties faced by the Group are set forth below. Such factors are not exhaustive and therefore other risks and uncertainties may also exist.

Industry risks

The operation of the Group may be affected by the regulatory landscape of the industry and related measures. The main reason is that the fees charged by property management companies for management services are strictly monitored and supervised by relevant regulatory authorities. The business performance of the Group depends on the contracted GFA, the chargeable GFA under management and the number of projects under management, but the business growth are affected and will likely continue to be affected by the People's Republic of China (the "**PRC**") government's regulations on the industry where the Group belongs.

Business risks

Whether the Group can maintain or improve its current level of profitability depends on whether it can maintain or improve its current scale and effectively control its operating costs. The Group's profit margins and results of operations may be materially and adversely affected by increases in labour costs or other operating costs. The Group cannot guarantee that it will be able to secure new property service contracts according to its plan or pursuant to appropriate schedule and price. The Group may not be able to recover related income including property management fees from customers, resulting in possible impairment losses in receivables. As a result of the liquidation of the controlling shareholder and the progress of the disposal of its assets, the Group may face the termination of some of the pre-contracted property management service contracts and may not be able to convert the contracted GFA in a timely and effective manner; the delay in delivery by the related parties may also affect the increase in the Group's collection rate; the change in profitability model of some of the related party-related businesses may result in a decline in the level of profitability of the related businesses; and the liquidation of the controlling shareholder may result in a change of shareholding of the Company, which may affect the stability of the operating team. The above factors may have a material adverse impact on the Group's business, financial conditions and results of operations.

Foreign exchange risks

The business of the Group is mainly located in China. Save for bank deposits denominated in foreign currencies, there is no major direct exchange rate fluctuation risk faced by the Group. During the Period, the Directors expected that the Renminbi exchange rate would not have a material adverse effect on the operations of the Group. Currently, the Group has not entered into contracts to hedge its exposure to foreign exchange risk, but the management will continue to monitor foreign exchange risks and adopt prudent measures to reduce potential exchange risks.

Risk of continuing as a going concern

The Group's ability to continue as a going concern is dependent on having sufficient working capital to meet its financial obligations as they fall due within the next twelve months. As stated in Note 2 to the Group's consolidated financial statements, the Group has taken certain measures to address the uncertainty in continuing as a going concern, including strict control over the management's establishment and remuneration, streamlining the Group's operating costs, negotiating with creditors and acquired companies on the extension of payment agreements, and enhancing internal controls to ensure the continued sound operation of the Company. The above measures have effectively alleviated the pressure on the Group's operating cash liquidity.

Risk of unrecoverable material losses

The Group has incurred material losses (the "**Losses**") as a result of the pledged deposits of RMB13.4 billion (the "**Deposit Pledge**") being enforced by the relevant banks, which had been fully provided for as impairment losses in 2021. The Group has filed proceedings with the Guangzhou Intermediate People's Court of Guangdong Province in the PRC against China Evergrande Group and the relevant responsible parties for the recovery of the Losses, and the application has been accepted by the court. However, due to the status of the related parties, the recovery of the Losses by the Group is subject to significant uncertainties. The Company will keep the market informed of any progress in a timely manner by way of publishing further announcement(s).

PLEDGE OF ASSETS

As at 30 June 2024, the Group had no pledged assets.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no material contingent liabilities.

HUMAN RESOURCES

As at 30 June 2024, the Group had 93,792 employees. The employees were remunerated in accordance with the Group's remuneration and welfare policies with reference to the positions of employees, performance, profitability of the Company, industry level and market environment.

The Group has to participate in social insurance contribution plans or other retirement plans organized by local governments, and make contributions to social insurance funds monthly on behalf of employees for the payment of pension funds, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident funds, or make contributions to mandatory provident fund for employees regularly.

Based on the three-level training mechanism of "headquarters-region-project", the Group is committed to implementing a campus recruitment programme for management trainees, trainings for new employees and key talent trainings. The Group organizes and conducts trainings on various professional skills, general aptitude, management ability and corporate culture in accordance with our business development needs and employee career planning, in order to improve the comprehensive quality and work capabilities of employees.

During the Period, all staff participated in training, with a total of 554,000 hours of training and an average of 5.9 hours of training per person.

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

During the six months ended 30 June 2024, the Group did not have any significant investment, material acquisition or disposal of subsidiaries, associates or joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2024, the Group had no specific plan for material investments or capital assets.

SHARE OPTION SCHEME

The shareholders of the Company resolved at the extraordinary general meeting of the Company held on 10 May 2021 to adopt the share option scheme of the Company (the "**Share Option Scheme**").

The purpose of the Share Option Scheme is to enable the Company to grant options to selected eligible participants as incentives or rewards for their contribution or potential contribution to the Group. The Directors consider that the Share Option Scheme will serve to motivate the eligible participants to contribute to the Group's development. The Share Option Scheme, which will be in the form of options to subscribe for shares, will enable the Group to recruit, incentivize and retain high-calibre staff, which the Directors consider that it is in line with modern commercial practice that eligible participants, which will include full or part-time employees, executives, officers or directors of the Group and any associated corporations of the Company and any advisers, consultants, agents, suppliers and joint venture partners who have contributed to the Group, be given incentives and align their interests and objectives with that of the Group.

The Share Option Scheme does not specify a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised. However, the rules of the Share Option Scheme provide that the Board may determine, at its sole discretion, such terms and conditions on the grant of an option provided that no option shall be exercised 10 years after they have been granted.

Based on the 10,810,811,000 shares of the Company (the "**Shares**") in issue as at the date of the extraordinary general meeting, the maximum number of Shares that may be issued upon exercise of the options granted under the Share Option Scheme is 1,081,081,100 Shares, being 10% of the issued share capital of the Company as at the date of adoption of the Share Option Scheme and this report.

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme to any eligible participant shall not exceed 1% of the Shares in issue within any 12-month period.

Any option will be deemed to have been granted and accepted by the grantee when the duplicate offer document constituting acceptance of the option duly signed by the grantee, and a remittance in favour of the Company of HK$1.00 as consideration for the grant thereof is received by the Company.

The exercise price of the options is determined by the Board at its absolute discretion and will be not less than the highest price of the official closing price of the Shares as stated in the daily quotations sheets issued by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on the date of the grant, the average official closing prices of the Company's Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant and the nominal value of the Shares of the Company.

At the beginning and the end of the six months ended 30 June 2024, the number of share options available for grant under the mandate limit of the Share Option Scheme was both 1,081,081,100 Shares. No service provider sublimit was set under the Share Option Scheme.

The Share Option Scheme shall be valid and effect for a period of 10 years commencing from the date of its adoption up to 9 May 2031. As at the date of this report, the remaining life of the Share Option Scheme is approximately 6 years and 8 months. During the six months ended 30 June 2024 and up to the date of this report, no share options had been granted, exercised, cancelled or lapsed under the Share Option Scheme, nor were there any options outstanding under the Share Option Scheme.

SHARE AWARD SCHEME

The Company has not adopted any share award scheme.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE

As at 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 or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept 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 Issuers (the "**Model Code**") as set out in Appendix C3 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") were as follows:

(i) Interest in the Shares of the Company

Name	Capacity in which interests are held	Number of Shares held	Approximate percentage of shareholding[1]
Mr. Duan Shengli	Beneficial owner	3,550,000	0.03%
Mr. Hu Xu	Beneficial owner	3,500	0.00%
Mr. Sang Quan	Beneficial owner	1,000	0.00%

Notes:

1. *The calculation of the percentage is based on the total number of Shares in issue as at 30 June 2024.*

2. *All interests stated above are long position.*

(ii) Interest in shares of associated corporations of the Company

Name	Name of associated corporation	Capacity in which interests are held	Number of shares held	Approximate percentage of shareholding[(1)]
Mr. Duan Shengli	China Evergrande Group	Beneficial owner	10,000	0.00%
	China Evergrande New Energy Vehicle Group Limited	Beneficial owner	2,420,000	0.02%
Mr. Sang Quan	China Evergrande New Energy Vehicle Group Limited	Beneficial owner	55,500	0.00%

Notes:

1. *The calculation of the percentage is based on the total number of shares in issue of the respective associated corporation as at 30 June 2024.*
2. *All interests stated above are long position.*

(iii) Interest in share options of associated corporations of the Company

Name	Name of associated corporation	Capacity in which interests are held	Number of share options held	Approximate percentage of shareholding [(1)]
Mr. Duan Shengli	China Evergrande Group	Beneficial owner	20,600,000	0.16%
Mr. Han Chao	China Evergrande Group	Beneficial owner	40,000	0.00%
Mr. Hu Xu	China Evergrande Group	Beneficial owner	80,000	0.00%
Mr. Sang Quan	China Evergrande Group	Beneficial owner	150,000	0.00%
Mr. Lin Wuchang	China Evergrande Group	Beneficial owner	70,000	0.00%

Notes:

1. *The calculation of the percentage is based on the total number of shares in issue of the respective associated corporation as at 30 June 2024.*
2. *All interests stated above are long position.*

Save as disclosed above, as at 30 June 2024, none of the Directors, chief executive of the Company or their respective associates had any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the Director, as at 30 June 2024, the following persons had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of the SFO or which were otherwise notified to the Company and the Stock Exchange:

Name	Capacity in which interests are held	Number of Shares held[(1)]	Approximate percentage of shareholding [(2)]
Dr. Hui Ka Yan	Interest in controlled corporation	5,590,229,000 [(3)(4)]	51.71%
Xin Xin (BVI) Limited	Interest in controlled corporation	5,590,229,000 [(3)(4)]	51.71%
China Evergrande Group	Interest in controlled corporation and beneficial owner	5,590,229,000 [(3)(4)]	51.71%
CEG Holdings (BVI) Limited	Beneficial owner	5,383,074,000 [(3)(4)]	49.79%

Notes:

1. *The disclosure of the number of Shares held was made in accordance with the latest reported disclosure of interests notice as of 30 June 2024.*

2. *The calculation of the percentage is based on the total number of Shares in issue as at 30 June 2024.*

3. *According to the disclosure of interests notices last filed by Dr. Hui Ka Yan ("**Dr. Hui**"), Xin Xin (BVI) Limited and China Evergrande Group on 16 December 2022 in respect of their interests on 14 December 2022, of the 5,590,229,000 Shares, 5,383,074,000 Shares were held directly by CEG Holdings (BVI) Limited and 207,155,000 Shares were held directly by China Evergrande Group. CEG Holdings (BVI) Limited was directly owned as to 50% by China Evergrande Group and as to 50% by Shengjian (BVI) Limited. Shengjian (BVI) Limited was wholly owned by Anji (BVI) Limited, which was in turn wholly owned by China Evergrande Group. Xin Xin (BVI) Limited was a company wholly owned by Dr. Hui and the direct controlling shareholder of China Evergrande Group. By virtue of the SFO, Dr. Hui and Xin Xin (BVI) Limited were deemed to be interested in the Shares in which China Evergrande Group was interested, and China Evergrande Group, Anji (BVI) Limited and Shengjian (BVI) Limited were deemed to be interested in the Shares held by CEG Holdings (BVI) Limited.*

4. *According to the announcement of China Evergrande Group dated 13 September 2024 (the "**Announcement**"), CEG Holdings (BVI) Limited is a direct wholly-owned subsidiary of China Evergrande Group, which held 5,368,074,000 Shares (representing approximately 49.65% of the total issued Shares) of the Company as at the date of the Announcement. By virtue of the SFO, Dr. Hui, Xin Xin (BVI) Limited and China Evergrande Group were deemed to be interested in the Shares held by CEG Holdings (BVI) Limited.*

5. *All interests stated above are long position.*

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

As of 30 June 2024, the Company did not hold any treasury shares.

EVENTS AFTER THE REPORTING PERIOD

Since 30 June 2024 and up to the date of this report, there has been no material subsequent events that have occurred to the Group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules as the Company's corporate governance code. For the six months ended 30 June 2024, the Company had complied with all applicable code provisions of the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the Company's code of conduct for securities transactions by the Directors. The Company has made specific enquiry of all the Directors and they have confirmed that they have complied with the requirements set out in the Model Code throughout the six months ended 30 June 2024.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

AUDIT COMMITTEE

In accordance with the requirements of the CG Code and the Listing Rules, the Company has established an audit committee (the "**Audit Committee**") comprising three independent non-executive Directors, namely, Ms. Wen Yanhong (Chairwomen), Mr. Peng Liaoyuan and Mr. Dong Xinyi. The Audit Committee and the management of the Company have considered and reviewed the accounting principles and practices adopted by the Group, the unaudited interim results and the consolidated financial statements of the Group for the six months ended 30 June 2024. The financial information, including the comparative figures, have been reviewed by the Audit Committee.

REVIEW OF UNAUDITED INTERIM RESULTS

The unaudited interim results of the Group for the six months ended 30 June 2024 have been reviewed by the Company's independent auditor, Prism Hong Kong Limited, 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.

Report on Review of Interim Condensed Consolidated Financial Statements

Prism

To the Board of Directors of Evergrande Property Services Group Limited
(Incorporated in the Cayman Islands with limited liabilities)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements set out on pages 33 to 64, which comprises the condensed consolidated statement of financial position of Evergrande Property Services Group Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred as the "**Group**") as at 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of 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 (the "**HKICPA**"). The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 condensed consolidated financial statements 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw your attention to note 2 to the interim condensed consolidated financial statements in respect of the going concern basis adopted in the preparation of the interim condensed consolidated financial statements. The Group recorded net current liabilities of approximately RMB1,477,227,000 as at 30 June 2024 (as at 31 December 2023: approximately RMB1,907,269,000). These conditions, together with the matters set out in note 2 to the interim condensed consolidated financial statements, indicate that there are significant uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. The Group is implementing various measures to improve its liquidity. The directors of the Company, having considered the measures taken by the Group, are of the opinion that the Group has the ability to continue as a going concern. In respect of this matter, our conclusion has not been modified.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Prism Hong Kong Limited
Certified Public Accountants

Lee Kwok Lun
Practising Certificate Number: P06294
Hong Kong
30 August 2024

Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income

	Notes	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	6	6,220,192	6,145,117
Cost of sales		(4,964,101)	(4,645,953)
Gross profit		1,256,091	1,499,164
Other income	7	72,348	79,228
Other losses		(24,968)	(64,087)
Impairment losses on financial assets		(71,118)	(78,622)
Fair value losses on investment properties		(43)	(2,304)
Administrative expenses		(519,656)	(390,270)
Operating profit		712,654	1,043,109
Fair value gains on financial liabilities at fair value through profit or loss		2,753	–
Share of net profit of investments accounted for using equity method		1,970	6,901
Finance costs	9	(34,945)	(25,618)
Profit before income tax		682,432	1,024,392
Income tax expenses	10	(182,604)	(234,059)
Profit for the period		499,828	790,333
Profit attributable to:			
– Owners of the Company		500,526	781,309
– Non-controlling interests		(698)	9,024
		499,828	790,333
Other comprehensive (expense)/income			
Item that maybe reclassified subsequently to profit or loss			
Exchange difference arising on translation of financial statements of foreign operations		(138)	1,635
Total comprehensive income for the period		499,690	791,968
Total comprehensive income/(expense) attributable to:			
– Owners of the Company		500,388	782,944
– Non-controlling interests		(698)	9,024
		499,690	791,968
Earnings per share for profit attributable to owners of the Company			
– Basic and diluted	12	RMB0.05	RMB0.07

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Assets			
Non-current assets			
Property and equipment	13	62,401	58,643
Right-of-use assets		19,738	28,507
Intangible assets	14	1,564,844	1,646,599
Investment properties		5,177	5,220
Investments accounted for using equity method		50,486	39,615
Deferred tax assets		510,374	498,164
		2,213,020	2,276,748
Current assets			
Trade and other receivables	15	3,503,655	3,508,637
Prepayments	16	68,611	31,495
Inventories		3,669	2,365
Financial assets at fair value through profit or loss		3,180	420,654
Restricted cash	18	125,513	125,667
Cash and cash equivalents	17	2,320,098	1,880,850
		6,024,726	5,969,668
Total assets		8,237,746	8,246,416
Equity			
Share capital	19	7,060	7,060
Reserves	20	(6,082,535)	(6,082,397)
Retained earnings		6,108,288	5,607,762
Equity attributable to owners of the Company		32,813	(467,575)
Non-controlling interests		424,110	486,786
Total equity		456,923	19,211

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Liabilities			
Non-current liabilities			
Other payables	21	137,853	177,852
Lease liabilities		5,506	18,181
Contingent consideration payables		–	2,753
Deferred tax liabilities		135,511	151,482
		278,870	350,268
Current liabilities			
Lease liabilities		97,117	102,335
Trade and other payables	21	4,039,623	3,937,708
Contract liabilities		2,561,971	2,649,350
Current income tax liabilities		803,242	1,187,544
		7,501,953	7,876,937
Total liabilities		7,780,823	8,227,205
Total equity and liabilities		8,237,746	8,246,416

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

The interim financial information on pages 33 to 64 was approved by the Board of Directors and signed on its behalf on 30 August 2024.

Duan Shengli
Director

Han Chao
Director

Condensed Consolidated Statement of Changes in Equity

	Share Capital RMB'000	Reserves RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance as at 1 January 2023 (Audited)	7,060	(6,305,377)	4,290,073	(2,008,244)	495,479	(1,512,765)
Profit for the period	–	–	781,309	781,309	9,024	790,333
Currency translation differences	–	1,635	–	1,635	–	1,635
Transactions with owners of the Company						
Other	–	(1,048)	–	(1,048)	–	(1,048)
Dividend distributed to non-controlling interests	–	–	–	–	(27,145)	(27,145)
Balance at 30 June 2023 (Unaudited)	7,060	(6,304,790)	5,071,382	(1,226,348)	477,358	(748,990)
Balance as at 1 January 2024 (Audited)	**7,060**	**(6,082,397)**	**5,607,762**	**(467,575)**	**486,786**	**19,211**
Profit for the period	**–**	**–**	**500,526**	**500,526**	**(698)**	**499,828**
Currency translation differences	**–**	**(138)**	**–**	**(138)**	**–**	**(138)**
Transactions with owners of the Company						
Capital injection from non-controlling interest	**–**	**–**	**–**	**–**	**4**	**4**
Dividend distributed to non-controlling interests	**–**	**–**	**–**	**–**	**(46,288)**	**(46,288)**
Acquisition of additional interests in non-wholly owned subsidiaries	**–**	**–**	**–**	**–**	**(15,694)**	**(15,694)**
Balance at 30 June 2024 (Unaudited)	**7,060**	**(6,082,535)**	**6,108,288**	**32,813**	**424,110**	**456,923**

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

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cash flows of operating activities		
Cash generated from operations	682,180	343,264
PRC enterprise income tax paid	(586,256)	(94,281)
Net cash from operating activities	95,924	248,983
Cash flows of investing activities		
Purchases of property and equipment	(15,989)	(13,757)
Purchases of intangible assets	(3,442)	(1,165)
Proceeds from disposal of property and equipment	1,109	1,233
Disposal of investment accounted for using equity method	–	418
Interest received	11,517	7,701
Net payments for consideration payables for acquisition of subsidiaries	(32,262)	(64,353)
Capital injection into associates	(9,621)	(140)
Dividend income from financial assets at fair value through profit or loss	–	324
Purchases of financial assets at fair value through profit or loss	(580,000)	–
Proceeds from disposal of financial assets at fair value through profit or loss	997,474	–
Dividend income from an associate	720	646
Net cash from/(used in) investing activities	369,506	(69,093)
Cash flows of financing activities		
Repayments of borrowings	–	(66,667)
Interest paid on borrowings	–	(7,116)
Lease payments	(25,019)	(38,881)
Capital injection from non-controlling interest	4	–
Dividend distributed to non-controlling interests	(1,179)	(27,145)
Net cash used in financing activities	(26,194)	(139,809)
Net increase in cash and cash equivalents	439,236	40,081
Cash and cash equivalents at the beginning of period	1,880,850	1,567,979
Exchange realignment on cash and cash equivalents	12	1,943
Cash and cash equivalents at the end of period	2,320,098	1,610,003

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

Notes to the Condensed Consolidated Financial Statements

1. General information

Evergrande Property Services Group Limited (the "**Company**") was incorporated in the Cayman Islands on 13 March 2020 as an exempted company with limited liability under the Companies Act (Cap. 22. Act 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company's ultimate holding company is China Evergrande Group (in liquidation), an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The Company and its subsidiaries (the "**Group**") are primarily engaged in the provision of property management services, community living services, asset management services and community operation services.

The interim condensed consolidated financial statements are presented in Renminbi ("**RMB**") and rounded to nearest RMB'000, unless otherwise stated. These interim condensed consolidated financial statements are unaudited.

2. Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, the interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**").

2. Basis of preparation (continued)

Going concern assumption

As at 30 June 2024, net current liabilities of the Group amounted to approximately RMB1,477,227,000 (as at 31 December 2023: approximately RMB1,907,269,000). The above matters indicated that the Group will need to secure a substantial amount of funds in the foreseeable future to finance these financial obligations under various contractual and other arrangements.

In view of the above circumstances, the Company have reviewed the Group's cash flow projections, which cover a period of not less than twelve months from 30 June 2024. In the opinion of the directors, taking into account the following actions during the six months ended 30 June 2024 and plans and measures to be taken, the Group will have sufficient working capital to meet its financial obligations up to 30 June 2025.

- The Group has reached agreements with certain creditors, agreeing not to demand immediate repayment of the liabilities when they fall due for the next twelve months from 30 June 2024;
- The Group has been actively negotiating with the creditors of consideration payable for business combinations to revise the repayment plan;
- The directors of the Company are currently implementing and will continue to further implement cost control in operating and other expenses, in order to improve the operating and financial position of the Group.

On the basis that all these measures can be implemented successfully, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as they fall due and accordingly, the condensed consolidated financial statements for the six months ended 30 June 2024 has been prepared on a going concern basis.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the assets to their net recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024.

3. Accounting policies

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for investment properties, financial assets at fair value through profit or loss and contingent consideration payables that are measured at fair values, at the end of each reporting period.

The accounting policies and the methods of computation used in the interim condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the Group's audited consolidated financial statements for the year ended 31 December 2023. The adoption of the amendments to HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current and prior periods.

The Group has not early adopted the new/amendments to HKFRSs that have been issued but are not yet effective. The directors of the Company do not anticipate that the adoption of the new and amendments to HKFRSs in future periods will have any material impact on the Group's interim condensed consolidated financial statements.

4. Financial risk management

4.1 Financial risk factor

4.1.1 Market risk

(i) Foreign exchange risk

The Group's normal operating activities are principally conducted in RMB since most of the operating entities are based in the People's Republic of China (the "**PRC**"). The foreign exchange risk mainly arises from monetary assets and of certain subsidiaries denominated in foreign currencies other than their functional currencies.

The Group's foreign currency denominated monetary assets at the respective consolidated statement of financial position are as follows:

	30 June 2024 RMB'000 (Unaudited)	31 Decembe 2023 RMB'000 (Audited)
Monetary assets		
– Hong Kong dollar ("**HKD**")	**45,657**	41,554
– United States dollar ("**USD**")	**717**	844
	46,374	42,398

4. Financial risk management (continued)

4.1 Financial risk factor (continued)

4.1.1 Market risk (continued)

(i) Foreign exchange risk (continued)

The management is of the view that the Group has no significant foreign exchange risk in its operations and the fluctuation of the exchange rate of Renminbi will not have a significant impact on the financial position of the Group. The Group currently does not have a foreign currency risk hedging policy, however, the management will monitor the foreign exchange risk exposure dynamically and make necessary adjustments according to changes in market conditions.

The interim condensed consolidated financial statements does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

4.1.2 Liquidity Risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000 (Unaudited)	Between 1 and 2 years RMB'000 (Unaudited)	Between 2 and 5 years RMB'000 (Unaudited)	Over 5 years RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 30 June 2024					
Lease liabilities	99,248	3,856	2,254	–	105,358
Trade and other payables (excluding accrued payroll liabilities and other tax payable)	3,495,628	137,853	–	–	3,633,481
	3,594,876	141,709	2,254	–	3,738,839

4. Financial risk management (continued)

4.1 Financial risk factor (continued)

4.1.2 Liquidity Risk (continued)

	Less than 1 year RMB'000 (Audited)	Between 1 and 2 years RMB'000 (Audited)	Between 2 and 5 years RMB'000 (Audited)	Over 5 years RMB'000 (Audited)	Total RMB'000 (Audited)
At 31 December 2023					
Lease liabilities	112,078	5,630	11,231	3,478	132,417
Trade and other payables (excluding accrued payroll liabilities and other tax payable)	3,245,044	177,852	–	–	3,422,896
	3,357,122	183,482	11,231	3,478	3,555,313

4.1.3 Fair value measurement of financial instruments

(a) Fair value hierarchy

The table below analyses financial instruments carried or presented at fair value, by level of the inputs to valuation techniques used to measure fair value. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

4. Financial risk management (continued)

4.1 Financial risk factor (continued)

4.1.3 Fair value measurement of financial instruments (continued)

(a) Fair value hierarchy (continued)

The following table presents the Group's financial assets that are measured at fair value:

At 30 June 2024	Level 1 RMB'000 (Unaudited)	Level 2 RMB'000 (Unaudited)	Level 3 RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Financial Assets				
Financial assets at fair value through profit or loss	–	–	3,180	3,180

At 31 December 2023	Level 1 RMB'000 (Audited)	Level 2 RMB'000 (Audited)	Level 3 RMB'000 (Audited)	Total RMB'000 (Audited)
Financial Assets				
Financial assets at fair value through profit or loss	–	–	420,654	420,654
Financial Liabilities				
Contingent consideration payables	–	–	2,753	2,753

4. Financial risk management (continued)

4.1 Financial risk factor (continued)

4.1.3 Fair value measurement of financial instruments (continued)

(b) *Information about fair value measurements using significant unobservable inputs*

Financial assets/financial liabilities	Fair value as at 30 June 2024 RMB'000 (Unaudited)	Fair value as at 31 December 2023 RMB'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Financial assets					
Wealth management products	–	417,474	Level 3	Quote provided by a financial institute in Mainland China.	N/A as quantitative unobservable inputs are not developed by the Group.
Unlisted entity investment	3,180	3,180	Level 3	Adjusted net asset value method.	Discount factor of lack of marketability: 20% (2023: 20%). The higher the discount factor, the lower the fair value.
Financial liabilities					
Contingent consideration payables	–	2,753	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration, based on an appropriate discount rate.	Discount rate: 6.65% (2023: 6.65%). The higher the discount rate, the lower the fair value.

4. Financial risk management (continued)

4.1 Financial risk factor (continued)

4.1.3 Fair value measurement of financial instruments (continued)

(c) *The following table presents the changes in level 3 financial instruments for the six months ended 30 June 2024:*

	Financial Assets		Financial Liabilties
	Wealth management products RMB'000	Unlisted entity investment RMB'000	Contingent consideration payables RMB'000
At 1 January 2024 (Audited)	417,474	3,180	2,753
Additions	580,000	–	–
Gain recognized in the statement of profit and loss	–	–	(2,753)
Disposal	(997,474)	–	–
At 30 June 2024 (Unaudited)	**–**	**3,180**	**–**

5. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

During the six months ended 30 June 2024 and 2023, the Group is principally engaged in the provision of property management services, community living services, asset management services and community operation services in the PRC. Management reviews the operating results of the business as a single operating segment as the nature of services, the type of customers for services, the method used to provide their services and the nature of regulatory environment is the same in different regions.

The principal operating entities of the Group are domiciled in the PRC and majority of revenue is derived in the PRC during the six months ended 30 June 2024 and 2023.

As at 30 June 2024 and 31 December 2023, majority of the non-current assets of the Group were located in the PRC.

6. Revenue

Revenue mainly comprises of proceeds from property management services, community living services, asset management services and community operation services. An analysis of the Group's revenue by category for the six months ended 30 June 2024 and 2023 is as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Represented)
Property management services		
– Basic property management services	**5,158,058**	5,024,605
– Value-added services to non-property owners	**35,739**	41,854
	5,193,797	5,066,459
Community living services	**427,623**	412,059
Asset management services	**406,247**	362,095
Community operation services	**192,525**	304,504
	6,220,192	6,145,117
Timing of revenue recognition		
– Over time	**5,855,293**	5,778,175
– At a point in time	**364,899**	366,942
	6,220,192	6,145,117

7. Other income

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Represented)
Government grants (Note a)	**21,023**	37,982
Write-off of payables	**21,700**	2,258
Income from compensation of non-fulfilment of performance guarantee (Note b)	**15,683**	29,216
Interest income	**11,517**	7,701
Income from overdue fine	**1,360**	1,649
Others	**1,065**	422
	72,348	79,228

Notes:

(a) Government grants mainly consisted of financial grants from government organizations, tax deductions for employment of veterans and priority groups, and refund of paid unemployment insurance.

(b) During the six months ended 30 June 2024, as some of the acquired target companies failed to complete the performance guarantee, the consideration payment of approximately RMB15,683,000 (the corresponding period in 2023: approximately RMB29,216,000) should be deducted in accordance with the terms of the relevant Equity Transfer Agreement.

8. Employee benefit expenses

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, bonuses and other benefits	**2,772,979**	2,544,872
Contribution to pension scheme expenses (Note a)	**207,784**	240,830
	2,980,763	2,785,702

Note a: Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the prior year employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

9. Finance costs

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on borrowings	**–**	7,116
Interest on lease liabilities	**8,923**	2,514
Other finance costs (Note a)	**26,022**	15,988
	34,945	25,618

Note a: Other finance costs represented the finance expenses contained in the one-off discount offered by the Group to the individual property owners for their advanced payments of property management fees.

10. Income tax expenses

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax	**210,785**	320,027
Deferred tax	**(28,181)**	(85,968)
	182,604	234,059

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries in the British Virgin Islands ("**BVI**") were incorporated under the International Business Companies Act of the BVI and accordingly, are exempted from BVI income tax.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the current period in respect of operations in Hong Kong, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the periods, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate is 25% for the six months ended 30 June 2024 and 2023. Certain subsidiaries and branches of the Group in the PRC are located in cities in the western regions, and they are subject to a preferential income tax rate of 15% during the six months ended 30 June 2024 and 2023. The subsidiary and branches of the Group located in Hainan Province are qualified to enjoy the preferential income tax rate of 15% from 1 January 2020 to 31 December 2024. An income tax rate of 20% applies to subsidiaries that qualify as small and micro-profit enterprises.

11. Dividends

No dividend has been declared or paid by the Company during the six months ended 30 June 2024 (30 June 2023: nil).

12. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares during the six months ended 30 June 2024 and 2023.

The Company did not have any potential ordinary shares outstanding during the six months ended 30 June 2024 and 2023. Diluted earnings per share is equal to basic earnings per share.

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit attributable to owners of the Company (RMB'000)	**500,526**	781,309
Weighted average number of ordinary shares in issue (in thousands)	**10,810,811**	10,810,811
Basic and diluted earnings per share	**RMB0.05**	RMB0.07

13. Property and equipment

	Property RMB'000	Machinery RMB'000	Vehicles RMB'000	Furniture, fitting and equipment RMB'000	Total RMB'000
As at 1 January 2024					
Cost	7,629	58,156	54,671	156,093	276,549
Accumulated depreciation	(3,811)	(43,344)	(41,083)	(129,668)	(217,906)
Opening net carrying amount (Audited)	3,818	14,812	13,588	26,425	58,643
Additions	3,044	3,414	1,787	7,744	15,989
Disposals	–	(23)	(211)	(857)	(1,091)
Depreciation charge	(567)	(1,883)	(2,791)	(5,899)	(11,140)
Closing net carrying amount (Unaudited)	6,295	16,320	12,373	27,413	62,401
As at 30 June 2024					
Cost	10,673	61,570	56,458	163,837	292,538
Accumulated depreciation	(4,378)	(45,250)	(44,085)	(136,424)	(230,137)
Net carrying amount (Unaudited)	6,295	16,320	12,373	27,413	62,401

13. Property and equipment (continued)

	Property RMB'000	Machinery RMB'000	Vehicles RMB'000	Furniture, fitting and equipment RMB'000	Total RMB'000
As at 1 January 2023					
Cost	4,391	51,150	47,169	142,812	245,522
Accumulated depreciation	(850)	(39,556)	(32,910)	(114,526)	(187,842)
Opening net carrying amount (Audited)	3,541	11,594	14,259	28,286	57,680
Additions	17	2,883	5,156	5,701	13,757
Disposals	–	(326)	(79)	(837)	(1,242)
Depreciation charge	(7)	(1,490)	(4,119)	(7,896)	(13,512)
Closing net carrying amount (Unaudited)	3,551	12,661	15,217	25,254	56,683
As at 30 June 2023					
Cost	4,408	54,033	52,325	148,513	259,279
Accumulated depreciation	(857)	(41,372)	(37,108)	(123,259)	(202,596)
Net carrying amount (Unaudited)	3,551	12,661	15,217	25,254	56,683

14. Intangible assets

	Computer software RMB'000	Property management contracts and customer relationship RMB'000	Goodwill RMB'000	Total RMB'000
As at 1 January 2024				
Cost	27,197	1,195,199	1,738,218	2,960,614
Accumulated amortisation and impairment losses	(15,877)	(558,590)	(739,548)	(1,314,015)
Opening net carrying amount (Audited)	11,320	636,609	998,670	1,646,599
Period ended 30 June 2024				
Opening net carrying amount	11,320	636,609	998,670	1,646,599
Additions	3,442	–	–	3,442
Amortisation	(997)	(59,466)	–	(60,463)
Impairment losses	–	(3,786)	(20,948)	(24,734)
Closing net carrying amount (Unaudited)	13,765	573,357	977,722	1,564,844
As at 30 June 2024				
Cost	30,639	1,195,199	1,738,218	2,964,056
Accumulated amortisation and impairment losses	(16,874)	(621,842)	(760,496)	(1,399,212)
Net carrying amount (Unaudited)	13,765	573,357	977,722	1,564,844

14. Intangible assets (continued)

	Computer software RMB'000	Property management contracts and customer relationship RMB'000	Goodwill RMB'000	Total RMB'000
As at 1 January 2023				
Cost	21,724	1,195,199	1,738,218	2,955,141
Accumulated amortisation and impairment losses	(11,101)	(363,123)	(593,946)	(968,170)
Opening net carrying amount (Audited)	10,623	832,076	1,144,272	1,986,971
Period ended 30 June 2023				
Opening net carrying amount	10,623	832,076	1,144,272	1,986,971
Additions	1,165	–	–	1,165
Amortisation	(2,417)	(95,402)	–	(97,819)
Impairment loss	–	–	(64,226)	(64,226)
Closing net carrying amount (Unaudited)	9,371	736,674	1,080,046	1,826,091
As at 30 June 2023				
Cost	22,889	1,195,199	1,738,218	2,956,306
Accumulated amortisation and impairment losses	(13,518)	(458,525)	(658,172)	(1,130,215)
Net carrying amount (Unaudited)	9,371	736,674	1,080,046	1,826,091

As the result of management assessment, impairment provision of RMB3,786,000 (2023: nil) was recognised on property management contracts and customer relationships for the six months ended 30 June 2024 and impairment provision of RMB20,948,000 (2023: RMB64,226,000) was recognised on goodwill for the six months ended 30 June 2024. These items are included in the condensed consolidated statement of profit or loss and other comprehensive income under "other losses" for the current period.

15. Trade and other receivables

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables (Note i)	3,047,633	3,046,591
Prepaid taxes	19,136	34,810
Other receivables (Note ii)	436,886	427,236
	3,503,655	3,508,637

Notes:

(i) Trade receivables

As at 30 June 2024 and 31 December 2023, the aging analysis of the trade receivables based on date of revenue recognition and net of loss allowance was as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
0 to 180 days	1,439,769	1,563,624
181 to 365 days	762,530	613,792
1 to 2 years	528,038	571,109
2 to 3 years	317,296	298,066
	3,047,633	3,046,591

As at 30 June 2024, total trade receivables and impairment allowance amounted to approximately RMB5,972,459,000 (31 December 2023: approximately RMB5,919,471,000) and approximately RMB2,924,826,000 (31 December 2023: approximately RMB2,872,880,000) respectively. Of which, the total trade receivables from related parties and impairment allowance amounted to approximately RMB2,247,222,000 (31 December 2023: approximately RMB2,257,835,000) and approximately RMB2,245,472,000 (31 December 2023: approximately RMB2,251,242,000) respectively.

15. Trade and other receivables (continued)

Notes: (continued)

(i) Trade receivables (continued)

Trade receivables are mainly derived from basic property management services income under lump sum basis. Basic property management services income is received in accordance with the terms of the relevant services agreements.

As at 30 June 2024 and 31 December 2023, trade receivables are denominated in RMB and their carrying amounts approximate their fair values.

(ii) Other receivables

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Ultimate holding company		
– Financial guarantees	13,400,000	13,400,000
Less:		
– Enforcement of financial guarantees pledged	(13,400,000)	(13,400,000)
	–	–
Other related parties (Note 23)	10,934	11,716
Other receivables		
– Payments on behalf of property owners (Note a)	376,369	395,058
– Deposits	129,007	115,957
– Others	94,427	59,184
Gross other receivables	610,737	581,915
Less: allowance for impairment of other receivables	(173,851)	(154,679)
Total other receivables	436,886	427,236

As at 30 June 2024 and 31 December 2023, other receivables are denominated in RMB and their fair values approximate their carrying amounts.

Note a: Payments on behalf of property owners mainly represented utilities costs of properties.

16. Prepayments

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Prepayments to suppliers		
– Related parties (Note 23)	4,235	1,439
– Third parties	64,376	30,056
	68,611	31,495

17. Cash and cash equivalents

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Cash at bank	2,315,843	1,876,438
Cash on hand	4,255	4,412
	2,320,098	1,880,850

Notes:

(a) Cash and bank balances were denominated in the following currencies:

RMB	2,287,919	1,856,860
USD	717	844
HKD	31,462	23,146
	2,320,098	1,880,850

(b) The conversion of RMB denominated deposits placed in banks in the PRC into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

18. Restricted cash

Restricted cash mainly represents (i) industry regulated funds of Evergrande Insurance Agency Co., Ltd.; (ii) deposits for the provision of property management services as required by local government authorities; (iii) cash restricted to projects managed on a remuneration basis only; and (iv) funds for litigation preservation of some subsidiaries.

19. Share capital

	As at 30 June 2024 Number of shares (Unaudited)	As at 31 December 2023 Number of shares (Audited)	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Issued and fully paid	10,810,811,000	10,810,811,000	7,060	7,060

20. Reserves

	Share Premium RMB'000	Statutory reserves RMB'000	Capital reserves RMB'000	Exchange reserves RMB'000	Total RMB'000
Six months ended 30 June 2024					
Balance at 1 January 2024 (Audited)	5,944,185	727,894	(12,757,250)	2,774	(6,082,397)
Currency translation differences	–	–	–	(138)	(138)
Balance at 30 June 2024 (Unaudited)	5,944,185	727,894	(12,757,250)	2,636	(6,082,535)

20. Reserves (continued)

	Share Premium RMB'000	Statutory reserves RMB'000	Capital reserves RMB'000	Exchange reserves RMB'000	Total RMB'000
Six months ended 30 June 2023					
Balance at 1 January 2023 (Audited)	5,944,185	504,384	(12,756,202)	2,256	(6,305,377)
Other	–	–	(1,048)	–	(1,048)
Currency translation differences	–	–	–	1,635	1,635
Balance at 30 June 2023 (Unaudited)	5,944,185	504,384	(12,757,250)	3,891	(6,304,790)

(a) Statutory reserves

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

21. Trade and other payables

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited) (Represented)
Trade payables (Note a)		
– Related parties (Note 23)	**441,219**	375,003
– Third parties	**1,145,283**	1,040,364
	1,586,502	1,415,367
Accrued payroll	**414,084**	521,055
Other payables		
– Related parties (Note 23)	**179,901**	183,506
– Third parties		
– Considerations payable for business combinations	**508,251**	556,196
– Amounts temporarily received from/on behalf of property owners or leaser (Note b)	**402,787**	350,663
– Deposits	**410,279**	405,714
– Other tax payables	**129,911**	171,609
– Others	**545,761**	511,450
	2,176,890	2,179,138
	4,177,476	4,115,560
Less: Non-current portion	**(137,853)**	(177,852)
	4,039,623	3,937,708

21. Trade and other payables (continued)

Notes:

(a) The following is an ageing analysis of trade payables presented based on invoice date at the end of reporting period:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Up to 1 year	**1,304,277**	1,106,311
1 to 2 years	**169,204**	232,988
2 to 3 years	**67,553**	62,917
More than 3 years	**45,468**	13,151
	1,586,502	1,415,367

(b) The amounts mainly represented utilities expenses temporarily collected from the property owners to be paid to related service providers and rental income collected from leasees to be returned to the property owners.

(c) As at 30 June 2024 and 31 December 2023, trade and other payables were denominated in RMB and the fair value of trade and other payables approximate their carrying amounts.

22. Commitments

Capital commitments

Considerations to be paid for acquisitions of subsidiaries contracted for but not yet completed is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Up to 1 year	**–**	300,000

23. Related party transactions

(a) Related party transactions

In addition to the transactions detailed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with related parties.

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from rendering of services		
– Controlled by the Group's ultimate holding company	**26,691**	36,136
– Joint ventures of the Group's ultimate holding company	**4,626**	29,211
	31,317	65,347
Purchase of goods and services		
– Controlled by the Group's ultimate holding company	**3,411**	5,528
Leasing car parking spaces		
– Controlled by the Group's ultimate holding company	**63,193**	53,359

The transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

Starting from September 2021, due to the China Evergrande Group's liquidity difficulties, the management of the Group expects the inflow of economic benefits from China Evergrande Group is not virtually certain. Since the property services customers involve all the property owners and various aspects of the community, which has integrality and indivisibility as a whole, it is impracticable to exclude China Evergrande Group from providing property management services to those vacant properties. Hence, no additional costs have been incurred and the Group continues to provide property management services to China Evergrande Group. The Group estimates that the amount for the six months ended 30 June 2024 is approximately RMB194,135,000. No revenue is recognised in respect of the transactions, while the Group will endeavor to take reasonable measures to collect the receivables from the relevant parties in accordance with the relevant laws and applicable agreements to actively safeguard the interests of the Group.

23. Related party transactions (continued)

(b) Balances with related parties

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables (Note 15)		
– Controlled by the Group's ultimate holding company	**2,062,867**	2,083,525
– Joint ventures of the Group's ultimate holding company	**184,355**	174,310
	2,247,222	2,257,835
Less: allowances for impairment of trade receivables (charged to profit or loss)	**(2,245,472)**	(2,251,242)
	1,750	6,593
Other receivables (Note 15)		
– Controlled by the Group's ultimate holding company	**10,934**	11,716
Prepayments (Note 16)		
– Controlled by the Group's ultimate holding company	**4,235**	1,439

23. Related party transactions (continued)

(b) Balances with related parties (continued)

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables (Note 21)		
– Controlled by the Group's ultimate holding company	437,807	372,122
– Joint ventures of the Group's ultimate holding company	3,412	2,881
	441,219	375,003
Other payables (Note 21)		
– Controlled by the Group's ultimate holding company	175,909	176,371
– Joint ventures of the Group's ultimate holding company	3,992	7,135
	179,901	183,506

(i) The above trade receivables, prepayments and trade payables are trading nature, interest free and repayable according to terms in contracts.

23. Related party transactions (continued)

(c) Key management compensation

Key management includes directors and senior management. Compensations for key management are set our below:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, bonus and other benefits	**5,381**	4,763
Contribution to pension scheme expenses	**165**	162
	5,546	4,925

24. Comparative information

Certain comparative figures have been reclassified to conform with current period's presentation.

恆大物業
EVERGRANDE PROPERTY SERVICES