



# 卓越商企服務集團有限公司

EXCELLENCE COMMERCIAL PROPERTY & FACILITIES  
MANAGEMENT GROUP LIMITED

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 6989

# 2024 INTERIM REPORT





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## Corporate Information

### DIRECTORS

#### Executive Directors

Mr. Li Xiaoping (*Chairman*)  
Mr. Yang Zhidong

#### Non-executive Directors

Ms. Guo Ying  
Mr. Wang Yinhu

#### Independent non-executive Directors

Professor Cui Haitao (*appointed with effect from 22 March 2024*)  
Mr. Kam Chi Sing  
Ms. Liu Xiaolan  
Mr. Huang Mingxiang (*resigned with effect from 22 March 2024*)

### JOINT COMPANY SECRETARIES

Mr. Jia Jie  
Mr. Cheung Kai Cheong Willie

### AUDIT COMMITTEE

Mr. Kam Chi Sing (*Chairman*)  
Ms. Guo Ying  
Professor Cui Haitao (*appointed with effect from 22 March 2024*)  
Ms. Liu Xiaolan  
Mr. Huang Mingxiang (*resigned with effect from 22 March 2024*)

### REMUNERATION COMMITTEE

Professor Cui Haitao (*Chairman*) (*appointed with effect from 22 March 2024*)  
Mr. Li Xiaoping  
Mr. Kam Chi Sing  
Ms. Liu Xiaolan  
Mr. Huang Mingxiang (*resigned with effect from 22 March 2024*)

### NOMINATION COMMITTEE

Mr. Li Xiaoping (*Chairman*)  
Professor Cui Haitao (*appointed with effect from 22 March 2024*)  
Mr. Kam Chi Sing  
Ms. Liu Xiaolan  
Mr. Huang Mingxiang (*resigned with effect from 22 March 2024*)

### STRATEGY AND ESG COMMITTEE

Mr. Li Xiaoping (*Chairman*)  
Ms. Guo Ying  
Mr. Wang Yinhu  
Ms. Liu Xiaolan

### AUTHORIZED REPRESENTATIVES

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# Management Discussion and Analysis

## REVIEW OF INTERIM RESULTS

### I. BUSINESS OVERVIEW

#### *Analysis of the Principal Activities*

**(I) Principal Activities of Excellence Commercial Property & Facilities Management Group Limited (the “Company”) and its subsidiaries (collectively the “Group” or “we” or “our”) during the six months ended 30 June 2024 (the “Reporting Period”)**

The Group is a leading commercial real estate service operator in China, which is dedicated to the provision of full-life cycle asset maintenance and full-chain service solutions to fulfil customers’ comprehensive value expectations and assist enterprises in achieving business visions.

In the first half of 2024, faced with the pressure of an economic downturn in the overall environment, the Group has been adhering to its long-term development strategy for steady operation. This has helped the Group optimise its business structure with a customer-oriented approach to respond flexibly to market changes and strengthen its business independence planning for less reliance on related businesses. Underpinned by the commercial property services, the Company has worked on the facility management sector and new business development, aiming for value creation to put the Group on the track that features independent, healthy and sustainable development, promising long and stable growth.

The Group’s main businesses included basic property management services, value-added services and other relevant businesses.

#### 1. *Basic Property Management Services*

The Group’s basic property management services are provided to various types of businesses, including commercial properties, public and industrial properties and residential properties.

##### (1) Commercial Property Management Services

With its management experience accumulated over two decades, the Group has focused on the development of commercial properties as its main business activities, and has formed a complete commercial property service model.

- **Property management (“PM”) Services for Commercial Offices**

The Group serves a large number of Central Business District (“CBD”) landmark office buildings and high-tech enterprises to gain the brand advantages from the high-end commercial projects in the PM business segment and build the capability strength by integrating asset services and corporate services.

The scope of services covers businesses such as preliminary consultation, marketing management, space management, asset leasing and sales agency, smart platform construction, facility maintenance and property comprehensive services.

Signature projects: Shenzhen Excellence Century Centre, Shenzhen One Excellence, Excellence City of Shenzhen (深圳卓越城), Qingdao Excellence Century Centre, Shenzhen Centre, Shenzhen Excellence Houhai Financial Centre (深圳卓越后海金融中心), Shenzhen China Energy Storage Tower

## Management Discussion and Analysis

- **Comprehensive Facility Management Services**

The customers the Group serves are mainly Fortune 500 companies and high-tech enterprises. We are dedicated to providing customers with full-life cycle asset maintenance and full-chain comprehensive service solutions, constructing a sound and systematic back-office support system, and forming a matrix of quality customers mainly in the Internet, high-tech, finance, modern service and manufacturing industry.

We provide a customised model of comprehensive facility management for enterprises and customise strategic long-term planning. The Group applies internet of things (“IoT”), big data, artificial intelligence (“AI”) and other advanced technologies to create an E+ smart two-pronged platform. Leveraging on digital operation management technology, the Group establishes solutions for the full-life cycle of facilities such as operation and maintenance management, project management, space management, energy consumption management, environmental management, security management and integrated services to enhance project management efficiency, thereby creating maximum value for corporate customers.

Signature projects: Shenzhen Sky City of DJI, Suzhou Huawei Research Institute, Hangzhou Alibaba Xixi Global Headquarters (杭州阿里西溪全球總部), OPPO Dongguan Headquarters Park (OPPO東莞總部園區), Shenzhen Tencent Building (深圳騰訊大廈), Shenzhen Baidu International Building (深圳百度國際大廈), Guangzhou Global WeChat Center (廣州全球微信總部), Hangzhou Hundsun Digital Intelligence Center (杭州恒生數智中心)

- (2) **Public and Industrial Property Services**

The Group has established an integrated market-oriented organisation framework, and developed government public infrastructures, urban services businesses, and other functional bodies following the marketisation of education and healthcare by multiple channels, so as to continuously develop new tracks in pursuit of joint development through multiple business momentum.

We provide a full range of operational services in the public sector. In addition to basic property services, the Group also offers special services for different public projects. We continue to enhance our business capabilities in the areas of government and public property services through professionalism, internationalisation, innovation and technology.

Signature projects: Henan Zhengzhou Metro Rail Transit Line 4 and Section 3 (河南鄭州地鐵軌道交通4號線及三段場), Guangzhou Metro Yuzhu Vehicle Section Project (廣州地鐵魚珠車輛段項目), Hainan Airlines Base in Haikou, Hainan (海南海口海航基地), Office Building of Henan Provincial Public Security Bureau (河南省公安廳辦公樓), Chongqing Vocational and Technical University of Mechatronics, Taiyuan Central Hospital

## Management Discussion and Analysis

### (3) Residential Property Services

Relying on over two decades of real estate development experience, Excellence Group has developed a model of high-end residential property services in many cities across China, including pre-intervention and takeover acceptance, decoration management, customer management, environmental management, equipment and facilities maintenance, fire management and other systematic services. The Group spearheaded to introduce international service standards and launched “Five-heart” excellent butler (五心“悦”管家) services and “4INS Good Life” (4INS美好生活) services to reshape the physical space, cultural space and digital space of the community regarding the customers’ satisfaction as the origin and centre. We provide individuals and families with safe, convenient, comfortable and joyful living experience.

Signature projects: Shenzhen Cote d’Azur (深圳蔚藍海岸), Shenzhen Excellence Victoria Harbour (深圳卓越維港), Shenzhen Dongguan Qingxi Yuncui (東莞晴熙雲翠), Shenzhen Queen’s Road (深圳皇后道)

## 2. Value-added Services

The Group has continued to provide customers with personalised, customised and digitalised value-added service innovation, explored the multi-dimensional needs of customers, and realised the change from a single service to diversified services, with development focuses on assets services, Zhuopin business pan-administrative services, construction and mechanical and electrical services, and other types of professional value-added services.

### (1) Asset Services

The Group provides preliminary property consulting services, and offers reasonable suggestions on pre-intervention in project planning and design, construction management and acceptance handover so as to save construction costs, meet customer expectations regarding the use of functions, improve post-property operation efficiency, and avoid operational risks.

In addition, we provide customers with professional leasing and second-hand housing asset management services, and offer whole-process leasing value-added services to ensure maximised property occupancy rates and asset investment returns.

### (2) Zhuopin Business Services

“Zhuopin Business”, a high-end service brand of the Group, integrates “Internet+”, “self-built supply chain” and “concierge high-end services” capabilities to provide one-stop business office supporting services for high-tech and Fortune 500 companies with the B to B for C model, mainly including high-end business services, corporate value-added services, enterprise digital empowerment and other various solutions.

### (3) Construction and Mechanical and Electrical Services

Cooperating with its subsidiary, Shenghengda Construction Technology Group Co., Ltd. (“**Shenghengda Electrical Equipment**”), the Group has developed the “green & smart electromechanical” special service, built a community ecosystem by integrating the comprehensive “hardware + software + platform + service” solution, and achieved systematic development across multiple sectors, thus defining a large electromechanical ecosystem and driving performance growth by capturing technology and green development.

## Management Discussion and Analysis

### 3. *Joint Venture and Mergers and Acquisitions (“M&A”)*

Through the establishment of joint ventures with various governments and state-owned platforms, the Group has integrated the government’s resource advantages and fully leveraged on its strengths in the commercial property sector to jointly develop the market.

Meanwhile, the Group positions and focuses on the advantageous economic zones and actively promotes the implementation of joint venture and M&A strategy by interpreting policies. We actively review and enhance our existing development by promoting our presence in first-tier and emerging first-tier cities and tapping into various arenas to help drive market development, thereby improving the competitive industry chain and building our competitive advantages in the industry.

The Group is currently joining hands with Huangjin Property, Beijing Global Wealth Property Management Co., Ltd. (“**Beijing Global**”) and Shanghai Yaozhan Enterprise Management Co., Ltd. (“**Yaozhan Management**”) to share resources and achieve win-win cooperation for sustainable development.

## (II) Performance Overview

In the first half of 2024, following the two strategic cores of “focusing on growth” and “core competence development”, the Group sustained its business resilience by further enhancing its third-party market orientation in response to market fluctuations. The Company’s overall operating results for the first half of 2024 witnessed a steady pickup to meet the budget target. Specifically, the Company continued its steady growth in the third-party business and the edge in the business property track, which ensured the outstanding performance in the expansion of the property owner value-added services and its sustainable development.

With respect to the main business development, the Company, through the in-depth cultivation of strategic customers and creation of benchmark projects, continued to maintain our leading position in the commercial property sector by connecting the upstream and downstream and potential customers of the major customers. The Group has been working on its first-mover advantages in areas such as high-end manufacturing and new energy while consolidating its edge in the main facility management business through the in-depth cultivation of strategic customers and the accumulation of strength. In regard to the value-added business, we have enhanced customer experience and our core operation capability of value-added service products by improving our productization capabilities and building our own supply chain service platform to cover the full value stage of user demand scenarios. Furthermore, we explored the corporate value-added full-process entrusted operation service mode and built a diversified value-added service joint operation expansion mode through resource integration, personalized customization, business accompaniment, and centre support. For the core competency development, we strengthened internal and external digital operation capabilities to improve business decision-making efficiency and facilitate business expansion. At the same time, we focused on cultivating key business talent to build competitive barriers for the organic growth of the business through the two-pronged drive of incentive mechanism and management culture.

Of the Group’s total revenue by business type during the Reporting Period, commercial properties, public and industrial properties, residential properties, value-added services and other services accounted for 53.3%, 13.2%, 15.8%, 16.8% and 0.9%, respectively.



## Management Discussion and Analysis

### 1. *Stable Growth in Business Scale*

The Company's third-party business recorded high-quality growth in the first half of 2024. Following the "1+1+X" strategy, the Group has developed two core advantageous regions of the Greater Bay Area and the Yangtze River Delta Region, and has focused on the development in first-tier, emerging first-tier and other high-value cities, achieving balanced development in key regions nationwide. With respect to the GFA under management, first-tier and emerging first-tier cities such as Beijing, Shanghai, Shenzhen, Guangzhou, Chengdu, Hangzhou and Chongqing accounted for 75.4%, and the two core economic zones of the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta Region accounted for 62.9%.

For the Reporting Period, the Group's contracted GFA was approximately 80.08 million sq.m., representing an increase of approximately 9.2% over the corresponding period in 2023. The GFA under management amounted to approximately 68.12 million sq.m., representing an increase of approximately 12.7% as compared with the corresponding period in 2023. Among them, GFA under management from the third party business accounted for 62.2%.

The following table sets forth the changes in GFA under management for the six months ended 30 June 2024 and 2023, respectively:

	For the six months ended 30 June	
	2024 sq.m.'000	2023 sq.m.'000
At the beginning of the period	64,066	53,760
New engagements	6,784	6,494
New acquisitions	–	2,825
Terminations	(2,730)	(2,661)
At the end of the Period	68,120	60,419

## Management Discussion and Analysis

### 2. Steady Expansion of Main Businesses

In the first half of 2024, the Group continued to leverage its core competitiveness in the commercial property sector, led by the main businesses. In addition, we continued our efforts in third-party business development to maintain resilient business growth. We have more than half of the domestic head high-tech Internet enterprises as our customers, which in this field is still expanding further thanks to excellent service quality and customized service experience. In addition, in terms of advantageous section in the commercial property service, we have been building up a first-mover advantage in the high-end manufacturing, new energy and other sectors involved in the core track of new quality productive forces, laying a solid foundation for our market development in sub-segments.

For the Reporting Period, we entered into a total of 87 new third-party business property contracts, with a total contract value of RMB794.79 million and an annualised contract value of RMB330.75 million.

For the Reporting Period, the revenue from commercial property services accounted for 64.8% of the revenue from basic property services, and the basic property service income from third parties business accounted for 59.8% of the revenue of basic property services.

In public and industrial properties, in the first half of 2024, the Group proactively screened high-quality projects and deepened government-enterprise cooperation, which sustained its growth momentum in the government public construction, medical and education sectors. During the Reporting Period, revenue from public and industrial properties increased by 11.8% as compared to the same period in 2023.

In the residential properties, we mainly provide a number of urban high-end development projects under the Excellence Group with services. During the Reporting Period, revenue from residential properties increased by 22.4% as compared to the same period in 2023.

	As of 30 June 2024				As of 30 June 2023			
	GFA under management		Revenue		GFA under management		Revenue	
	(sq.m.'000)	(%)	(RMB'000)	(%)	(sq.m.'000)	(%)	(RMB'000)	(%)
Commercial properties	27,335	40.2	1,110,517	64.8	25,265	41.8	1,050,718	67.1
- Excellence Group	3,050	4.5	367,079	21.4	2,914	4.8	359,944	23.0
- Third-party property developers	24,285	35.7	743,438	43.4	22,351	37.0	690,774	44.1
Public and industrial properties	14,737	21.6	275,294	16.1	12,891	21.3	246,189	15.7
Residential properties	26,048	38.2	328,165	19.1	22,263	36.8	268,966	17.2
<b>Total</b>	<b>68,120</b>	<b>100.0</b>	<b>1,713,976</b>	<b>100.0</b>	<b>60,419</b>	<b>100.0</b>	<b>1,565,873</b>	<b>100.0</b>

## Management Discussion and Analysis

### 3. *In-depth Cultivation of Strategic Customers*

The Group adhered to the strategy of in-depth cultivation of strategic customers. Through the in-depth development mechanism of strategic customers, we achieved the business objectives of “promoting high performance, contract renewal and growth” in strategic cooperation in the first half of 2024.

In the first half of 2024, the Group, continuing its focus on the three core tasks of quality, talents and performance, worked to enhance its service quality and brand value, and deepened its partnership with strategic customers to divert businesses from benchmark projects. In the first half of the year, we successfully completed the service delivery of a million-square-foot Internet headquarters park, together with the smooth entry of a number of high-end manufacturing business parks, establishing the reputation for quality assurance and high-quality delivery. Thanks to the prominent results of in-depth cultivation of strategic customers over recent years, the Group has recorded a contract retention rate of nearly 100.0% for strategic customers for the last two years, with solid and stable fundamentals.

For the Reporting Period, we achieved a total annualised contract value from the newly expanded businesses of strategic customers of RMB91.24 million, representing a robust increase of 54.7% as compared with the corresponding period in 2023. Going forward, the Group will continue to focus on customer needs by strengthening basic operations, bringing in key talents and shaping professional teams to realize self-cycling management of key talents and key business competence systems. Meanwhile, the Group will take further customer satisfaction, aiming to forge long-term strategic partnerships featuring mutual trust and win-win situation for the vertical expansion of the business. Through market communications, we will attract more quality customers to grow the business and build a sustainable growth engine.

### 4. *Continuous Build-up of Advantages in the Development of New Businesses*

Adhering to the concept of “win-win cooperation and complementary advantages”, the Group has continued to expand its advantages in the development of new businesses and steadily build up a second growth curve through strategic M&A and diversified joint ventures.

With respect to the medical business, the Company has been consolidating quality resources in the medical business through M&A, and swiftly enhancing its high-quality and reliable professional service capability through lean internal system management, which helps get sustained business opportunities in the market. In the first half of 2024, the Group secured partnerships with several 3A hospitals in both provincial capitals and second-tier cities. This has expanded our management footprint for smart health logistics services to over 500,000 square meters.

At the same time, the Company has made proactive inroads into the pan-consumer industry, successfully winning bids for projects from department stores across Central China. This is leading to strategic collaborations with high-growth potential clients who are poised to become industry leaders. With respect to other public construction sub-segments, such as transportation and urban public services, the Company has continued to leverage its resource synergy advantages, and based on the advantageous regions, the Company is expanding into emerging cities, with the aim of continuously expanding new business growth points.

For the Reporting Period, we achieved a total contract value from the newly expanded businesses of RMB206.61 million, representing an increase of 12.9% year-on-year.

## Management Discussion and Analysis

### 5. *Reshaping the Business Landscape with Innovative Model for Entrusted Operation of Enterprise Value-Added Services Platform*

In the first half of 2024, the Company underwent significant upgrades in value-added products, steadily increasing its market capability, and realizing diversified and rapid growth in its value-added services. Among them, the construction and mechanical and electrical services and Zhuopin business services witnessed a strong trend of year-on-year growth.

“Zhuopin Business”, a high-end commercial brand of the Company, built upon a unified value-added service platform, focused on the diversified needs of customers, integrated multi-industry service scenarios, and provided comprehensive B+C full-scenario solutions and customised services. The platform has continued to refine its targeted customer marketing and specialized marketing capabilities, and ensure a more efficient and convenient user experience through its robust near field delivery capabilities and comprehensive after-sales support system. Furthermore, Zhuopin Business also successfully implemented a “entrusted platform operation” model in partnership with Xiamen Metro Hengshun Wutai Co., Ltd. This comprehensive model, integrating “supply chain output + digital technology + customised marketing operations,” allows us to cater to diverse industries, including industrial parks, commercial enterprises, and property management. Providing a single service access point, it meets the platform operation needs of businesses and drives a significant leap in value creation through value-added services.

For the Reporting Period, Zhuopin Business recorded a revenue of RMB136.6 million, and a growth at a high rate for three consecutive years, with an average annual growth rate of approximately 36.6%.

The construction and mechanical and electrical services witnessed steadily enhanced capabilities in independent market development. In response to the government strategy of facility and equipment replacement, we have expanded the business boundary, and promoted business diversification, contributing new growth points for the Company’s performance.

For the Reporting Period, the construction and mechanical and electrical services recorded a revenue of RMB146.58 million, representing an increase of 30.9% year-on-year.

### *Analysis of the Core Competence*

#### **(I) High-quality Brand Image**

The Group serves various corporates from Fortune 500, including many reputed high-tech enterprises, Internet enterprises, and financial enterprises. With leading comprehensive strength and service quality ahead of the industry, the Group was awarded “2024 TOP 20 of China Property Management Companies in Comprehensive Strength”, “China Leading Enterprise in terms of Office Property Services in 2024”, and “2024 Excellent Benchmark Project of Property Management in China – Shenzhen Excellence Century Centre” in the “2024 Research Results on Property Management Enterprises with Comprehensive Strength in China”. The Group was named “2024 TOP 100 Property Management Companies in China (TOP12)”, “2024 China Office Property Management Exceptional Companies”, “2024 China IFM Service Outstanding Enterprise (TOP2)”, “2024 China TOP 100 Property Service Enterprises in Business Performance (TOP10)”, “2024 China Property Community Value-added Service Excellent Enterprise” and “2024 International Outstanding Enterprise in Sustainable Development of Property Management Services” by China Index Academy; named “2024 TOP 20 Listed Property Management Companies in China (TOP 12)” and “2024 TOP 10 Listed Property Management Companies in China with Leading Enterprises Development Potential” by CRIC.

## Management Discussion and Analysis

### (II) Comprehensive Service Standards

With years of successful experience in high-end commercial property services, the Group has formed a comprehensive commercial property service operation model and has successively passed a number of management system certifications, including ISO 9001 quality management system, ISO 14001 environmental management system, ISO 45001 occupational health and safety management system, ISO 50001 energy management system, and ISO 41001 facility management system. The standard operation procedures, comprehensive management system and profound management technology provide strong support and guarantee for the daily operation of projects and new projects.

The Group continues to introduce advanced service concepts and keep abreast with international standards. We have become a platinum member of the Building Owners and Managers Association International (BOMA), a gold member of the International Facility Management Association (IFMA) and a member of the Royal Institution of Chartered Surveyors (RICS).

### (III) Strategic Talent Cultivation and Development

The Company has put forward higher requirements for talent cultivation and reserve due to the steady expansion of the businesses. While maintaining stable operations, the Company has commenced in-depth strategic talent cultivation and development for the future, refined talent management system, and created an internal talent supply chain, so as to build up its core competitiveness in the medium to long term.

We have constructed a comprehensive talent management system, focusing on the cultivation of “New Wing” management trainees as the new force. Through the implementation of the “Excellent Talent” and “Excellence Performance” Scheme, we have successfully cultivated a batch of project operation talents and professional management talents with the characteristics of Excellence. In 2024, we launched “Navigation”, an executive leadership training program, and established a comprehensive talent development system. This initiative fosters the creation of high-performing teams and aligns talent pipeline development with our business objectives.

In addition, to better support our national strategic expansion, we initiated a hybrid learning model since 2024. This model combines online livestreams, micro-learning modules, and virtual classrooms with offline training camps. This expanded reach allows more key personnel and frontline employees to participate in talent development programs, offering both flexibility and structured learning pathways. For the Reporting Period, the Company has successfully provided training to over 2,000 personnel in key positions. In the future, we will further promote the deep integration of knowledge and practice to cope with the changes and challenges of the industry.

At the same time, the Company applied the management culture based on the dynamic talent development mechanism. With business development as the foundation, we championed the three major cultural values of “implementation, collaboration, and incentives”. This not only provides a long-term stable cornerstone for talent development, but also stimulates employees’ motivation and creativity, laying a solid foundation for the Company’s sustainable development.

## Management Discussion and Analysis

### (IV) Continuous Digital Reform and Transformation

The Group has unwaveringly considered digital construction as the focus of core competency building. The Company is steadfastly driving digital transformation to improve the efficiency of business decision-making, facilitate diversified operations, enhance its competitiveness of digital platform, and ultimately, fortify the moat around its core business.

With respect to operations and management, the Company continues to promote the digitisation of the entire procedures of business functions, integrating the support of the main database and BI analysis tools, collecting data through the digital system, providing rapid support for business analysis and decision-making, driving achievement of operational forecasts, cost reduction and efficiency enhancement, helping management decision making, and enabling lean management practices across the entire project life cycle.

In terms of smart IoT, the Company focused on developing functionalities for smart communities, industrial parks, and the EMOP platforms in the first half of the year. This involved extensive deployment and commissioning of equipment and systems across various projects. Through real-time monitoring of the transmitted data, we have successfully minimised equipment asset depreciation and failures, preventing disruptions to daily building operations and reducing operational costs of facilities and equipment. Additionally, we've integrated power distribution systems within our park projects and standardised energy consumption structures. This, combined with tailored energy consumption models that account for the unique needs of different building zones and time periods, allows us to accurately predict future energy consumption. By using these predictions to implement targeted energy-saving measures, we have delivered tangible cost savings and efficiency gains for our customers.

### Outlook

#### (I) Strategic Planning

Looking ahead, the Group will continue to focus on the vision of being “a leading commercial real estate service operator in China”, adhere to the strategic direction of “three major constructions and two drivers”, solidify its foundation through “team building, business building and competence building”, and support growth with its two main drivers of “value distribution and culture management” to facilitate business development, aiming to exert continuous efforts in developing our three main businesses and three extended businesses.

#### (II) Business Development Strategy

The Company adheres to long-term strategic planning, upholds the management idea of steady growth, actively promotes independent market development, and continues to strengthen the advantages of business segments, advantages of the extended development and sustainable development capability. The Company will enhance its organizational efficiency through internal capability drive and external business drive, aiming to form a strong synergy, continue to focus on the Group's medium – and long-term strategic development objectives, champion sustainable development, and build business resilience and driving growth.

## Management Discussion and Analysis

### 1. *Focus on Growth*

The Group will insist on its strategy of pursuing joint development through multiple business momentum, fully leverage on the synergies of internal and external resources, and adhere to the business strategy of “three main businesses + three extended businesses” and jointly promote business development.

#### 1) Cultivation of Strategic Customers

With respect to the core business, the Company will continue to cultivate strategic customers, deepen the cooperation mechanism, and drive vertical business development. Leveraging its strong market reputation and benchmark effect, the Company will promote continuous business growth and consolidate its leading position in the commercial property market. At the same time, the Company will fully activate its marketing drive, actively explore multi-channel resources, and deeply cultivate strategic key urban markets. Through multi-layered, multi-faceted approaches to expand business channels and enhance market share and optimising its market development mechanisms, the Company will continuously strengthen its competitive advantage.

#### 2) Breakthrough in Performance of New Businesses

With respect to new businesses, the Company will leverage strategic M&A, and its medical property service management platform to rapidly enhance its specialized service capabilities and support the expansion of the medical business. At the same time, we will continue to leverage our professional operational experience and capabilities, integrate quality resources, and construct diversified business segments in public construction, education, and commercial retail, among others. We will also focus on advantageous subjects in first-tier and emerging first-tier cities, execute precise deployment to enhance market risk resistance capacity, and promote more rapid and more steady development of new businesses.

#### 3) Focus on Rapid Development of Value-added Services

For the value-added services, leveraging its existing integrated value-added service platform, the Company will continue to optimise and refine its service processes, and achieve the restructuring from functions to scenarios through customised service solutions. This will enable the Company to precisely satisfy the needs of multi-industry scenarios, achieve the last mile of the business development to provide customers with a more precise and efficient service experience. Furthermore, the Company will expand the model of entrusted business operation to enhance operational capabilities, thus realizing sustainable value enhancement.

## Management Discussion and Analysis

### 2. *Core Competency Building*

Digital capabilities are key priorities in the core competency building, reinforcing core competitiveness, and laying a solid foundation for the Company's long-term development.

#### Digital-enabled Management Capabilities

The Company is committed to the management and enhancement of its digital capabilities. By building an integrated internal system, optimising innovative business processes, and creating a fully digitised platform for the project life cycle, the Company will achieve significant improvements in management efficiency.

For the construction of the digital platform, we will strengthen the integration and synergy of our internal systems, break down information barriers, and ensure data sharing to optimise resource allocation. At the same time, by optimizing and innovating our business processes, we will streamline operational procedures, enhance work efficiency, and reduce operating costs to inject fresh momentum into the Company's sustainable development.

The full-process project management platform will collect data through the digital system and integrate them into the full-cycle business process from human resources to operation and to market, providing rapid support for business analysis and decision-making, driving achievement of operational forecasts, cost reduction and efficiency enhancement, helping management decision making, and enabling lean management practices across the entire project life cycle.

Looking ahead, the Company will remain committed to creating customer value and innovation, continue to adhere to a customer-oriented approach, and continue to enhance its core competitiveness. By optimizing the corporate governance structure, deepening digital transformation, and maintaining focus on value creation, the Company will forge ahead with determination, achieve steady development and explore new opportunities while striving for excellence and continuously exceeding expectations.



## Management Discussion and Analysis

### II. Financial Review

#### Revenue

For the six months ended 30 June 2024, the revenue of the Group amounted to RMB2,082.48 million (the corresponding period in 2023: RMB1,839.34 million), representing an increase of 13.2% as compared with the corresponding period of last year.

The revenue of the Group was derived from three main businesses: (i) basic property management services; (ii) value-added services; and (iii) other business.

	For the six months ended 30 June					
	2024		2023		Change	
	Amount (RMB'000)	(%)	Amount (RMB'000)	(%)	Amount (RMB'000)	Percentage
<b>Revenue</b>						
Property management services	1,713,976	82.3	1,565,873	85.1	148,103	9.5
Value-added services	349,147	16.8	262,845	14.3	86,302	32.8
Other business	19,355	0.9	10,621	0.6	8,734	82.2
<b>Total revenue</b>	<b>2,082,478</b>	<b>100.0</b>	<b>1,839,339</b>	<b>100.0</b>	<b>243,139</b>	<b>13.2</b>

During the Reporting Period, the revenue from basic property management services was RMB1,713.98 million (the corresponding period in 2023: RMB1,565.87 million), representing an increase of 9.5% as compared with the corresponding period of last year.

#### Value-added Services

During the Reporting Period, the revenue from value-added services increased by 32.8% to RMB349.15 million from RMB262.85 million in the corresponding period in 2023, accounting for approximately 16.8% (for the six months ended 30 June 2023: 14.3%) of the total revenue.

The growth in value-added services mainly benefited from: (i) the increase in revenue from electrical and mechanical equipment installation business services; (ii) the increase in the provision of high-end business services and corporate administration and welfare platform services; and (iii) the increase in other value-added services.

#### Other Business

The revenue from other businesses mainly arose from financial services.

During the Reporting Period, the revenue from other businesses increased to approximately RMB19.36 million from RMB10.62 million for the corresponding period in 2023.

## Management Discussion and Analysis

### Cost of Sales

The Group's cost of sales mainly consisted of staff costs, subcontracting costs, cleaning costs, repair and maintenance costs, utility costs, carpark expenses, office expenses, depreciation and amortization, rental expenses and others.

During the Reporting Period, the Group's cost of sales amounted to RMB1,660.31 million (the corresponding period in 2023: RMB1,445.86 million), representing an increase of 14.8% over the corresponding period in 2023, which was primarily due to an increase in staff costs, cleaning costs as well as repair and maintenance costs.

### Gross Profit and Gross Profit Margin

The table below sets forth a breakdown of the gross profit and gross profit margin of the Group by business line for the periods indicated:

	For the six months ended 30 June				
	2024		2023		Change in gross profit margin
	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)	
Basic Property Management Services	317,516	18.5	307,793	19.7	-1.2 percentage points
Value-added Services	86,917	24.9	81,174	30.9	-6.0 percentage points
Other Businesses	17,734	91.6	4,510	42.5	+49.1 percentage points
<b>Total</b>	<b>422,167</b>	<b>20.3</b>	<b>393,477</b>	<b>21.4</b>	<b>-1.1 percentage points</b>

During the Reporting Period, the Group's gross profit was RMB422.17 million, representing an increase of 7.3% from RMB393.48 million for the corresponding period in 2023. The gross profit margin decreased to 20.3% in the Reporting Period from 21.4% for the corresponding period in 2023, which remains at a good level.

The gross profit margin of basic property management services was 18.5% (the corresponding period in 2023: 19.7%), representing a decrease of 1.2 percentage points from the corresponding period of last year, mainly due to the decrease in gross profit margin of the Excellence Group commercial services.

The gross profit margin of value-added services was 24.9% (the corresponding period in 2023: 30.9%), representing a decrease of 6.0 percentage points from the corresponding period of last year, mainly attributable to the significant increase in the proportion of revenue from electrical and mechanical equipment installation business service, which had a lower gross profit margin.

The gross profit margin of other businesses was 91.6% (the corresponding period in 2023: 42.5%), representing an increase of 49.1 percentage points from the corresponding period of last year, mainly attributable to the expansion of the scale of financial services business and the termination of the apartment leasing business which had lower gross profit margin.

## Management Discussion and Analysis

### *Other Revenue*

The Group's other revenue mainly consisted of interest income and government grants.

During the Reporting Period, other revenue was RMB7.83 million (the corresponding period in 2023: RMB25.46 million), representing a decrease of 69.2% from the corresponding period of last year, mainly attributable to the decrease of interest income from bank deposit and government grants.

### *Other Net Gain*

The Group's other net gain mainly consisted of gains on exchange, fair value gain on financial assets measured at fair value through profit or loss as well as losses on disposal of assets.

During the Reporting Period, other net gain amounted to RMB1.30 million (the corresponding period in 2023: RMB0 million).

### *Impairment Losses on Receivables, Contract Assets and Financial Guarantee Issued*

During the Reporting Period, impairment losses on receivables, contract assets and financial guarantee issued were RMB61.98 million (the corresponding period in 2023: RMB24.57 million), representing an increase of RMB37.41 million compared with the corresponding period of last year, mainly due to (1) the expansion of the scale of financial services business during the Reporting Period, a credit impairment loss of RMB21.10 million was accrued for loans receivable; and (2) during the Reporting Period, a credit impairment loss of RMB16.12 million was accrued for Beijing Global's financial guarantee issued.

### *Selling and Marketing Expenses*

During the Reporting Period, the selling and marketing expenses amounted to RMB22.71 million (the corresponding period in 2023: RMB23.04 million), representing a decrease of 1.4% from the corresponding period of last year.

### *Administrative Expenses*

During the Reporting Period, administrative expenses amounted to RMB126.48 million (the corresponding period in 2023: RMB111.64 million), representing an increase of 13.3% from the corresponding period of last year, which was mainly due to the increase in the Group's staff costs.

### *Finance Costs*

During the Reporting Period, finance costs amounted to RMB0.98 million (the corresponding period in 2023: RMB3.87 million), representing a decrease of 74.7% from the corresponding period of last year, which was mainly due to the disposal of two apartment leasing projects (for long-term rental) in Shenzhen in 2023, which resulted in a decrease in interests on lease liabilities as compared to the corresponding period of last year.

### *Share of profits less losses of joint ventures*

During the Reporting Period, the share of profits of joint ventures amounted to RMB1.18 million (the corresponding period in 2023: RMB1.43 million).

## Management Discussion and Analysis

### *Share of profits less losses of associates*

During the Reporting Period, the share of profits of associates amounted to RMB4.87 million (the corresponding period in 2023: RMB0.85 million), representing an increase of 472.9% from the corresponding period of last year, mainly due to the profit generated from the Group's acquisition of 32% equity interest in both Guizhou Zaixing Business Service Co., Ltd. (貴州在行商務服務有限公司, "Guizhou Zaixing") and Chongqing Frequent Surprise Business Information Consulting Co., Ltd. (重慶頻頻出奇商務資訊諮詢有限公司, "Chongqing Frequent Surprise").

### *Income Tax*

During the Reporting Period, income tax was RMB41.40 million (the corresponding period in 2023: RMB70.81 million), representing a decrease of 41.5% from the corresponding period of last year, mainly due to (1) the preferential tax policy for the development of western region in the PRC; (2) the recognition of deferred tax assets in respect of unused tax losses which are expected to be able to be utilised based on future business plans.

### *Profit for the Period*

During the Reporting Period, the Group's net profit amounted to RMB183.80 million (the corresponding period in 2023: RMB187.29 million), representing a decrease of 1.9% from the corresponding period of last year.

During the Reporting Period, the profit attributable to shareholders of the Company the ("Shareholders") amounted to RMB170.50 million (the corresponding period in 2023: RMB170.34 million), which was basically unchanged as compared with the corresponding period of last year.

During the Reporting Period, the net profit margin was 8.8% (the corresponding period in 2023: 10.2%).

### *Property, Plant and Equipment*

The property, plant and equipment of the Group mainly consisted of leasehold improvement, right-of-use assets, office equipment and furniture, machinery equipment and other fixed assets. As at 30 June 2024, the Group's net book value of property, plant and equipment amounted to RMB48.84 million, representing a decrease of RMB3.29 million from RMB52.13 million as at 31 December 2023, which was mainly due to the depreciation during the Reporting Period.

### *Intangible Assets*

The Group's intangible assets mainly consisted of customer relationships and uncompleted property management contracts arising from corporate mergers and acquisitions. The Group's intangible assets decreased by RMB20.22 million from RMB334.91 million as at 31 December 2023 to RMB314.69 million as at 30 June 2024, which was primarily due to the amortisation amount arising during the term of the property management contract recognised by the acquired companies.

### *Goodwill*

As at 30 June 2024, the Group's goodwill amounted to RMB243.52 million.

## Management Discussion and Analysis

The Group's goodwill was mainly related to the acquisitions of the equity interests in Wuhan Huanmao Property Management Co., Ltd. ("**Wuhan Huanmao**"), Henan Huangjin Property Management Co., Ltd. ("**Henan Huangjin**"), Beijing Global, Shenzhen Xingyi Investment Co., Ltd ("**Xingyi Investment**") and Yaozhan Management. As at 30 June 2024, the management was not aware of any significant risk of impairment of goodwill.

### *Financial Asset Measured at Fair Value through Profit or Loss*

As at 30 June 2024, the Group's financial asset measured at fair value through profit or loss amounted to RMB1.70 million, representing a decrease of RMB120.00 million as compared to RMB121.70 million as at 31 December 2023.

In 2022, the Group acquired 15% equity interest in Shenzhen Zhongsheng'an Commercial Management Co., Ltd. (深圳市中盛安商業管理有限公司, hereinafter referred to as "**Zhongsheng'an**") for a consideration of RMB120.00 million. The Group neither has significant influence nor control over the investment, and designates the investment as financial assets measured at fair value through profit or loss.

In June 2024, Zhongsheng'an returned the capital previously injected by the original controlling shareholder back to the original controlling shareholder, after passing a shareholder resolution by the original controlling shareholder at its own discretion, and became a wholly-owned subsidiary of the Group.

### *Inventories*

The Group's inventories increased by RMB248.34 million from RMB96.76 million as at 31 December 2023 to RMB345.10 million as at 30 June 2024, mainly including parking spaces and other inventories, primarily due to the addition of parking spaces of RMB245.21 million during the Reporting Period.

### *Right-of-use assets*

As at 30 June 2024, the Group's right-of-use assets amounted to RMB598.60 million (31 December 2023: nil).

As disclosed in the major and connected transaction announcement of the Company dated 13 May 2024, the Group entered into a framework agreement with Excellence Real Estate Group Co., Ltd. ("**Excellence Real Estate**") to purchase 10,301 parking spaces from Excellence Group, with the term ending on respective expiration dates of the land use rights of the relevant plots where the parking spaces are located.

As of 30 June 2024, the Group entered into several right-of-use transfer agreements for leasing parking spaces with Excellence Group, completed the acceptance and recognised right-of-use assets of RMB598.60 million (including stamp duty).

### *Trade and Other Receivables*

Trade and other receivables mainly consisted of trade receivables and non-trade receivables.

As at 30 June 2024, the Group's net trade and other receivables amounted to approximately RMB1,829.00 million, representing an increase of approximately RMB242.97 million from approximately RMB1,586.03 million as at 31 December 2023, mainly due to (i) the net trade receivables increased by approximately RMB223.91 million as compared with 31 December 2023, resulting from the growth in the scale of the Group's revenue; (ii) the increase in the Group's net other receivables by approximately RMB19.06 million as compared with 31 December 2023.

## Management Discussion and Analysis

### *Loans Receivable*

As at 30 June 2024, the Group had loans receivable of approximately RMB603.56 million, which is made up of a gross loans receivable amount of approximately RMB655.39 million and a loss allowance of RMB51.83 million. Up to the date of this report, RMB175.18 million has been recovered, including RMB165.89 million of principal and RMB9.29 million of interest, including RMB1.74 million that has been overdue within 1 month. The loans receivables has increased to RMB603.56 million as the Company aims to maximize the return on cash in hand. Meanwhile, the Group has implemented stringent internal control procedures for loan assessment, which include (1) due diligence on the identity, credit profile, legal status and financial situation of the borrower, (2) obtaining credit reports, (3) due diligence on the relationship between the borrower and its ultimate beneficial owners, and (4) evaluation of the value of collateral, to assess the borrowers' and guarantors' ability of repayment.

The Group applies the ECL model to measure the impairment loss of the loans receivable by comprehensively considering the probabilities of default, losses given default, exposures at default and forward-looking information. At 30 June 2024, approximately RMB51.83 million of loss allowance was provided.

### *Trade and Other Payables*

As at 30 June 2024, the Group's trade and other payables (including current and non-current components) amounted to RMB1,205.50 million, representing an increase of RMB104.24 million from approximately RMB1,101.26 million as at 31 December 2023, mainly due to (i) the Group's dividend payable to equity shareholders of the Company of RMB76.05 million (paid in July 2024); (ii) cash collected on behalf of the property owners' association by the Group, housing maintenance funds held on behalf of property owners, and other miscellaneous expenses.

### *Financial Guarantee Issued*

Financial guarantee issued represents the expected payments to reimburse the loan holder for a credit loss that it incurs less any amount that the Group expects to receive from the realisation of pledged assets.

As of 30 June 2024, the financial guarantee issued by the Group was RMB88.56 million (as of 31 December 2023: RMB72.43 million), mainly due to the fact that Beijing Global, a non-wholly-owned subsidiary of the Company, had provided a financial guarantee in respect of the seller's borrowings in the principal amount of RMB183.43 million. In 2023, Beijing Global received a statement of claim, the notice of response and other documents from Beijing Financial Court in relation to a dispute of the outstanding loan. Further details are set out in the announcement of the Company dated 12 July 2023. During the Reporting Period, the Group recognized a further impairment loss of RMB16.12 million.

### *Lease Liabilities*

During the Reporting Period, the increase in lease liabilities was recognised according to new lease accounting standards. The lease liabilities payable within one year of RMB9.42 million were recognised in current liabilities, and the lease liabilities payable over one year of RMB6.77 million were recognised in long-term lease liabilities.

### *Contract Liabilities*

Our contract liabilities mainly represented prepayments from customers of the Group's commercial operation services and residential property management services. As at 30 June 2024, the Group's contract liabilities amounted to approximately RMB184.67 million, representing an increase of 5.4% from RMB175.24 million as at 31 December 2023.

## Management Discussion and Analysis

### *Bank Loans*

As at 30 June 2024, the Group's bank loans amounted to RMB17.00 million, all of which were bank loans of Yaozhan Management and Henan Huangjin, representing a decrease of RMB5.00 million from RMB22.00 million as at 31 December 2023.

### *Asset-liability Ratio*

The asset-liability ratio was calculated as the total liabilities divided by total assets of the same date. As at 30 June 2024, the Group's asset-liability ratio was 31.0% (the asset-liability ratio as at 31 December 2023 was 29.7%).

### *Pledged Assets*

As at 30 June 2024, bank loans with a principal amount of RMB4.00 million of Henan Huangjin was secured by trade receivables of the Group amounted to RMB4.51 million.

### *Contingencies*

On 9 November 2022, Shenzhen Excellence Property Management Co., Ltd. ("**Excellence Property Management**"), an indirect wholly-owned subsidiary of the Company, has been served with a notice of arbitration issued by the Shanghai Arbitration Commission and the other relevant documents in relation to a dispute in respect of acquisition of 40% equity interest in a project company (the "**Project Company**") which is currently 60% held by a disposed subsidiary of the Group (the "**Disposed Subsidiary**"), involving the Disposed Subsidiary and Excellence Property Management, as the respondents, and the beneficial owners of the 40% equity interest in the Project Company, as the applicants.

The applicants alleged that the Disposed Subsidiary, as an agent of Excellence Property Management, failed to acquire all the 40% equity interest in the Project Company owned by the applicants and claimed against the Disposed Subsidiary and Excellence Property Management to:

- (i) pay the applicants RMB20.8 million being damages for the breach of the agreement;
- (ii) acquire all the equity interest in the Project Company owned by the applicants at a cash consideration calculated based on 40% of the audited net profit of the Project Company for the year ended 31 December 2020, multiplied by 12; and
- (iii) other costs.

The Group has engaged legal advisors to advise on the arbitration. For further details, please refer to the announcement of the Company dated 7 December 2022. Up to the date of this report, no arbitral award was granted. Since the result of the arbitration cannot be estimated reliably as at the date of this report, no provision in respect of the arbitration was recognised.

## Management Discussion and Analysis

### *Liquidity, Reserves and Capital Structures*

The Group maintained a good financial position during the Reporting Period. As at 30 June 2024, the Group's cash and cash equivalents amounted to RMB1,079.14 million, representing a decrease of 50.0% from RMB2,156.70 million as at 31 December 2023, mainly due to the fact that the loans receivable due from third parties of Shenzhen Zhuotou Micro-Lending Co., Ltd., a subsidiary of the Company, have not yet due for repayment, lower collection from customers and due to the purchase of right-of-use assets and inventories during the Reporting Period.

As at 30 June 2024, the Group's total equity was RMB3,750.53 million, representing an increase of RMB97.83 million or 2.7% from RMB3,652.70 million as at 31 December 2023, which was mainly due to the profit realised during the Reporting Period.

### *Exchange Rate Risks*

The main business of the Group is conducted in China, and our business is mainly denominated in Renminbi. As at 30 June 2024, non-RMB assets and liabilities were mainly cash and cash equivalents, which were denominated in Hong Kong dollars.

The management of the Group believes that the Group is not exposed to significant foreign exchange risks, and therefore no forward foreign exchange contracts have been entered into to hedge foreign exchange risks. The management will continue to monitor foreign exchange risks and adopt prudent measures to minimise foreign exchange risks.



## Corporate Governance/Other Information

### USE OF PROCEEDS FROM THE LISTING

The Company issued 300,000,000 new shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 19 October 2020 (the “**Listing Date**”), and partially exercised the over-allotment options on 11 November 2020 and issued 22,490,000 new shares. After the partial exercise of the over-allotment options and deducting underwriting fees and related expenses, the total net proceeds raised from the listing (the “**Net Proceeds**”) are approximately HK\$3,359.5 million (RMB2,760.4 million). As of 30 June 2024, the Company had utilized approximately RMB2,116.4 million of the Net Proceeds, representing approximately 76.7% of the Net Proceeds and the unutilised Net Proceeds amounted to approximately RMB644.0 million.

The business objectives and planned use of Net Proceeds as stated in the prospectus of the Company dated 7 October 2020 (the “**Prospectus**”) were based on the Group’s best estimation of future market conditions at the time of preparing the Prospectus. The actual use of Net Proceeds was based on the actual market development. As disclosed in the Company’s announcement dated 29 December 2022, the supplemental announcement dated 10 March 2023 and the clarification announcement dated 10 April 2023 (the “**Change in Use of Proceeds from the Global Offering Announcements**”), having carefully considered the latest business environment and development needs of the Group, the board (the “**Board**”) of directors (the “**Directors**”) of the Company had resolved to change the proposed use of the unutilised Net Proceeds. Please refer to the Change in Use of Proceeds from the Global Offering Announcements for details of the change in use of the Net Proceeds and the reasons thereof.

As at 30 June 2024, the Group’s planned use and actual use of the net proceeds were as follows:

Major Categories	Specific Plans	% of actual Net proceeds after re-allocation	Planned use of proceeds after re-allocation (RMB million)	Amount of proceeds unutilized as at 30 June 2024 (RMB million)	Actual amount of proceeds utilized during the six months ended 30 June 2024 (RMB million)
Business expansion	Strategically acquire or invest in interests in companies with operational scale or profitability prospect	55.00%	1,518.2	348.8	587.9
	Acquire or invest in interests in third party service providers to provide specialized value-added services or to expand the Group’s scope of services when opportunities arise				
	Acquire or invest in quality assets with revenue prospects to enhance the Group’s profitability when opportunities arise				

## Corporate Governance/Other Information

Major Categories	Specific Plans	% of actual Net proceeds after re-allocation	Planned use of proceeds after re-allocation (RMB million)	Amount of proceeds unutilized as at 30 June 2024 (RMB million)	Actual amount of proceeds
					utilized during the six months ended 30 June 2024 (RMB million)
Development of information technology system	Develop and optimise smart management information platform and provide other related support for the development and optimisation of smart management information platform; provide technology-enabled services to enhance customer experience and management efficiency	3.00%	82.8	52.9	2.4
	Develop and optimise "O+" platform and provide other related support for the development and optimisation of "O+" platform. Achieve basic property services (property charges, parking fees, service orders, notices) and value-added services (shopping malls, food delivery, etc.) online				
	Upgrade or introduce new business management systems to enhance internal control and improve management efficiency (e.g., improve automation, reduce error rates and provide timely analysis of operations and effective operational management); provide resources to support IT system upgrades				
Facility upgrades for the properties under our management	Upgrade the facilities in some old residential properties under the Group's management to develop intelligent communities	4.00%	110.4	19.5	8.5

## Corporate Governance/Other Information

Major Categories	Specific Plans	% of actual Net proceeds after re-allocation	Planned use of proceeds after re-allocation (RMB million)	Amount of proceeds unutilized as at 30 June 2024 (RMB million)	Actual amount of proceeds
					utilized during the six months ended 30 June 2024 (RMB million)
Attracting and nurturing talent	Recruit and nurture professional talents strategically to provide the Group's customers with quality services and fully satisfy their needs, thereby enhancing customer satisfaction. The Company will also: <ul style="list-style-type: none"> <li>(i) provide professional trainings to our employees at key positions and identify and train up our future team leaders;</li> <li>(ii) recruit key personnel (supervisory level and above) strategically to support our business growth;</li> <li>(iii) recruit new employees to improve the strategic talent pool and provide professional functional trainings to the new employees; and</li> <li>(iv) other expenses for providing talent support for the Group.</li> </ul>	18.00%	496.9	161.4	135.3
General corporate purposes	Working capital and general corporate purposes	20.00%	552.1	61.4	0

*Note:* The estimated timeline for utilisation of the unutilised Net Proceeds after re-allocation is by the end of 31 December 2026.

As the Net Proceeds have been converted into Renminbi and the financial statements of the Group are presented in Renminbi, to facilitate understanding, information on the use of the proceeds will be presented in Renminbi from the date of this interim report and going forward.

## Corporate Governance/Other Information

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

Save as disclosed in this interim report, the Company did not hold any significant investments and did not conduct any material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period.

### EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group had a total of 17,076 and 87 full-time employees (31 December 2023: 16,352 and 85) in the PRC and India, respectively. The Group provides its employees with competitive remuneration packages such as fees, salaries, allowances and benefits in kind, bonuses and contributions to pension schemes and social benefits. The Group contributes to social insurance such as medical insurance, work-related injury insurance, pension insurance, maternity insurance, unemployment insurance and housing provident fund for its employees.

### SHARE OPTION SCHEME

#### 1. Share Option Scheme

The share option scheme of the Company (the “**Share Option Scheme**”) was approved and adopted by the written resolutions of the Shareholders on 28 September 2020. The Share Option Scheme is subject to the requirements under Chapter 17 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange. No options have been granted under the Share Option Scheme from the date of its adoption up to the date of this report. For further details on the Share Option Scheme, please refer to “Appendix IV – Statutory and General Information – D. Other Information – 1. Share Option Scheme” in the prospectus of the Company (the “**Prospectus**”).

The remaining life of the Share Option Scheme is around 5 years.

#### 2. Pre-IPO Share Option Scheme

The pre-IPO share option scheme of the Company (the “**Pre-IPO Share Option Scheme**”) was approved and adopted by the written resolution of the Shareholders on 9 September 2020. For further details on the Pre-IPO Share Option Scheme, please refer to “Appendix IV – Statutory and General Information – D. Other Information – 2. Pre-IPO Share Option Scheme” in the Prospectus.

On 9 September 2020, the Company granted the options in relation to a total of 28,200,000 shares to the eligible persons in accordance with the terms of the Pre-IPO Share Option Scheme.

## Corporate Governance/Other Information

For the Reporting Period, details of the movements on the share option under the Pre-IPO Share Option Scheme are set out as follows:

Category and name of the grantee	Date of grant	Vesting period	Exercise period	Outstanding as at 1 January 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at 30 June 2024	Exercise price per share (HK\$)
<b>Directors</b>										
Mr. Li Xiaoping	9 September 2020	(i) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ending 31 December 2021;	Within 5 years after the vesting date	5,400,000	-	-	5,400,000	-	-	5.36
		(ii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ending 31 December 2022; and								
		(iii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ending 31 December 2023.								
Ms. Guo Ying	9 September 2020	(i) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ending 31 December 2021;	Within 5 years after the vesting date	400,000	-	-	400,000	-	-	5.36
		(ii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group the year ending 31 December 2022; and								
		(iii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group the year ending 31 December 2023.								
<b>Subtotal</b>				<b>5,800,000</b>	<b>-</b>	<b>-</b>	<b>5,800,000</b>	<b>-</b>	<b>-</b>	

## Corporate Governance/Other Information

Category and name of the grantee	Date of grant	Vesting period	Exercise period	Outstanding as at 1 January 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at 30 June 2024	Exercise price per share (HK\$)
Other participants	9 September 2020	(i) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ending 31 December 2021;	Within 5 years after the vesting date	1,504,000	-	-	1,504,000	-	-	5.36
		(ii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group the year ending 31 December 2022; and								
		(iii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group the year ending 31 December 2023.								
<b>Total</b>				<u>7,304,000</u>	<u>-</u>	<u>-</u>	<u>7,304,000</u>	<u>-</u>	<u>-</u>	

## Corporate Governance/Other Information

### 3. Summary of the Share Option Schemes and Pre-IPO Share Option Scheme

	<u>Pre-IPO Share Option Scheme</u>	<u>Share Option Scheme</u>
<b>Purpose</b>	To enable the Company to grant options to Pre-IPO Eligible Participants (as defined below) as incentives or rewards for their contribution or potential contribution to any member of our Group.	To recognize and acknowledge the contributions that the Eligible Participants (as defined below) had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives: <ul style="list-style-type: none"> <li>(i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of our Group; and</li> <li>(ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.</li> </ul>
<b>Who may join</b>	The Board may at its discretion grant options to persons who satisfy the following eligibility criteria (" <b>Pre-IPO Eligible Participant(s)</b> "): <ul style="list-style-type: none"> <li>(i) any full-time employee, administrative personnel, and senior staff of a member of our Group;</li> <li>(ii) any director (including non – executive director and independent non-executive director) of any member of our Group;</li> <li>(iii) any other eligible person who, in the discretion of our Board and its authorized person, has made contributions or will make contributions to our Group.</li> </ul>	The Board may, at its discretion, offer to grant an option to the following persons (collectively the " <b>Eligible Participants</b> ") <sup>(1)</sup> : <ul style="list-style-type: none"> <li>(i) any full-time or part-time employees, executives or officers of our Company or any of our subsidiaries;</li> <li>(ii) any directors (including non – executive directors and independent non-executive directors) of our Company or any of our subsidiaries; and</li> <li>(iii) any advisors, consultants, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to our Company and/or any of our subsidiaries.</li> </ul>

*Note 1:* In case of any conflicts with the definition of eligible participants under current Rule 17.03A of the Listing Rules, the definition under the Listing Rules shall prevail.

## Corporate Governance/Other Information

	<u>Pre-IPO Share Option Scheme</u>	<u>Share Option Scheme</u>
<b>Maximum number of Shares available for issue</b>	<p>The maximum number of Shares in respect of which options may be granted under the Pre-IPO Share Option Scheme is 25,705,159 Shares, representing 2.14% and 2.11% of the issued share capital of our Company as at the Listing Date and the date of this report, respectively.</p> <p>No further option could be granted under the Pre-IPO Share Option Scheme.</p> <p>During the Reporting Period, 7,304,000 share options were lapsed. As at the date of this report, the number of Shares available for issue under the Pre-IPO Share Option Scheme was 0 Shares, representing approximately 0% of the total number of issued Shares as at the date of this report.</p>	<p>The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option scheme of the Company is 120,000,000 Shares, representing 10% and 9.83% of the issued share capital of our Company as at the Listing Date and the date of this report respectively.</p> <p>The maximum number of Shares that may be issued upon exercise of all outstanding options granted and yet to be granted under the Share Option Scheme and any other schemes must not in aggregate exceed 30% of the total number of Shares in issue from time to time.</p> <p>As at the date of this report, the total number of Shares available for issue under the Share Option Scheme was 120,000,000 Shares, representing approximately 9.83% of the total number of issued Shares as at the date of this report.</p>
<b>Maximum entitlement of each participant</b>	<p>The respective entitlement of each participant as granted on 9 September 2020.</p>	<p>1% of the issued share capital of the Company from time to time within any 12-month period up to the date of offer.</p>
<b>Acceptance of an offer of options</b>	<p>An offer shall be deemed to have been accepted when the duplicate letter comprising acceptance of the offer is duly signed by the grantee, together with a payment of HK\$1.00 by way of consideration for the grant thereof, is received by our Company.</p> <p>To the extent that the offer is not accepted within 30 days from the offer date, it will be deemed to have been irrevocably declined.</p>	<p>An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favor of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date.</p>



## Corporate Governance/Other Information

	<u>Pre-IPO Share Option Scheme</u>	<u>Share Option Scheme</u>
<b>Option period</b>	An option may be exercised according to the terms of the Pre-IPO Share Option Scheme in whole or in part by the grantee subject to fulfillment the vesting conditions determined by the Board but before the expiry of five years after the grant date.	The Board may in its absolute discretion determine the period during which an option may be exercised or specify any performance targets at the time of grant of options which shall be satisfied by the grantee before his options may be exercised.
<b>Exercise Price</b>	The exercise price per Share in respect of any particular option granted under the Pre-IPO Share Option Scheme is HK\$5.36, which was determined with reference to the fair value of the Shares as at 3 August 2020, based on a valuation report prepared by an independent valuer appointed by our Company.	Exercise price shall be at least the higher of: (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.
<b>Other condition</b>	Within one year after the date of exercise of the option, a grantee shall not sell, offer to sell, contract or agree to sell, transfer, mortgage, charge, pledge or otherwise dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares which have been issued to him/her pursuant to his/her exercise of any option granted to and vested on him/her under the Pre-IPO Share Option Scheme.	–

The Pre-IPO Share Option Scheme is not subject to the provision of Chapter 17 of the Listing Rules. No further options will be granted under the Pre-IPO Share Option Scheme.

The Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date, i.e. until 18 October 2030.

Save as disclosed above, the Company has not adopted any other share scheme.

## Corporate Governance/Other Information

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

During the Reporting Period, the Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company (including treasury shares).

### INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK7.66 cents per ordinary share of the Company (the “**Share(s)**”) for the Reporting Period (the “**Interim Dividend**”). The Interim Dividend will be paid on 29 November 2024 to the Shareholders whose names appear on the register of members of the Company on 15 November 2024.

### MISCELLANEOUS

The Board is of the opinion that there have been no material changes to the information published in the Company’s annual report for the year ended 31 December 2023, other than those disclosed in this report.

### CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders entitled to receive the Interim Dividend, the register of members of the Company will be closed from 12 November 2024 to 15 November 2024 (both days inclusive), during which period no transfer of Shares will be effected. In order to be eligible for receiving the Interim Dividend, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 11 November 2024.

### CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules as its own corporate governance code.

During the Reporting Period, the Company has complied with all applicable code provisions under the CG Code. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

### MODEL CODE FOR SECURITIES TRANSACTIONS CONDUCTED BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions conducted by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions conducted by the Directors. Having made specific enquiries to all Directors, each of them has confirmed that he/she has complied with the required standards set out in the Model Code during the six months ended 30 June 2024, and the Company is not aware of any incident of non-compliance by the Directors during the Reporting Period.

## Corporate Governance/Other Information

### CHANGE IN DIRECTORS' INFORMATION

Mr. Huang Mingxiang has resigned as an independent non-executive Director, the chairman of the remuneration committee of the Company, and a member of the audit committee (the “**Audit Committee**”) and the nomination committee of the Company with effect from 22 March 2024 due to personal health reasons and Professor Cui Haitao has taken over all the above positions. For details, please refer to the Company’s announcement dated 22 March 2024.

### AUDIT COMMITTEE

The Board has established an Audit Committee with written terms of reference in compliance with the Listing Rules and the CG Code. As at the date of this interim report, the Audit Committee consists of four members, including one non-executive Director, namely Ms. Guo Ying, and three independent non-executive Directors, namely Mr. Kam Chi Sing, Professor Cui Haitao and Ms. Liu Xiaolan. Mr. Kam Chi Sing is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting system, risk management and internal control of the Company.

The Audit Committee has reviewed and approved with the senior management of the Company the accounting principles and practices adopted by the Group, as well as the review of the unaudited consolidated interim results for the six months ended 30 June 2024.

### PUBLIC FLOAT

Based on the information publicly available to the Company and to the best of our Directors’ knowledge, information and belief, the Company has maintained sufficient public float as approved by the Stock Exchange and as permitted under the Listing Rules during the six months ended 30 June 2024.

## Corporate Governance/Other Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and short positions of the Directors and the 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")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules were as follows:

#### Interests in the Shares of the Company

<u>Name of Director</u>	<u>Capacity/ Nature of Interest</u>	<u>Number of Shares Held</u>	<u>Approximate Percentage of Interests in the Company</u>	<u>Long/Short Position</u>
Mr. Li Xiaoping	Interest of spouse	118,120,000 <sup>(1)</sup>	9.68%	Long position
	Beneficial owner	272,000	0.02%	Long position
Ms. Guo Ying	Beneficial owner	75,000	0.01%	Long position

Notes:

- (1) Mr. Li Xiaoping is the spouse of Ms. Xiao Xingping ("Ms. Xiao"). By virtue of the SFO, Mr. Li is deemed to be interested in the same number of Shares in which Ms. Xiao is interested.

Save as disclosed above, as at 30 June 2024, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period were there rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under the age of 18, or were there any such rights exercised by the Directors; or was the Company, or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

## Corporate Governance/Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, as far as the Directors are aware, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and which were required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO:

#### Interests in the Shares

Name of Shareholder	Capacity/Nature of Interest	Number of Shares Held	Approximate Percentage of Interests in the Company	Long/Short Position
Mr. Li Wa <sup>(1)</sup>	Interest in a controlled corporation	722,440,000	59.20%	Long position
Oriental Rich Holdings Group Limited (" <b>Oriental Rich</b> ") <sup>(1)</sup>	Interest in a controlled corporation	722,440,000	59.20%	Long position
Urban Hero Investments Limited (" <b>Urban Hero</b> ") <sup>(1)</sup>	Beneficial owner	722,440,000	59.20%	Long position
Ms. Xiao Xingping	Interest in a controlled corporation	117,900,000 <sup>(2)</sup>	9.66%	Long position
	Beneficial owner	220,000	0.02%	Long position
	Interest of spouse	272,000 <sup>(3)</sup>	0.02%	
Ever Rainbow Holdings Limited (" <b>Ever Rainbow</b> ") <sup>(2)</sup>	Beneficial owner	117,900,000	9.66%	Long position
Mr. Li Yuan <sup>(4)</sup>	Interest in a controlled corporation	63,000,000	5.16%	Long position
Autumn Riches Limited (" <b>Autumn Riches</b> ") <sup>(4)</sup>	Beneficial owner	63,000,000	5.16%	Long position

#### Notes:

- (1) Urban Hero is wholly owned by Oriental Rich, which is in turn wholly owned by Mr. Li Wa. By virtue of the SFO, each of Oriental Rich and Mr. Li Wa is deemed to be interested in the same number of Shares in which Urban Hero is interested.
- (2) Ever Rainbow is wholly owned by Ms. Xiao. By virtue of the SFO, Ms. Xiao is deemed to be interested in the same number of Shares in which Ever Rainbow is interested.
- (3) Ms. Xiao is the spouse of Mr. Li Xiaoping. By virtue of the SFO, Ms. Xiao is deemed to be interested in the same number of Shares in which Mr. Li Xiaoping is interested.
- (4) Autumn Riches is wholly owned by Mr. Li Yuan. By virtue of the SFO, Mr. Li Yuan is deemed to be interested in the same number of Shares in which Autumn Riches is interested.

## Corporate Governance/Other Information

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

### EVENTS AFTER THE REPORTING PERIOD

Except for the declaration of the Interim Dividend, no material events were undertaken by the Group subsequent to 30 June 2024 and up to the date of this interim report.

# Review report to the board of directors of Excellence Commercial Property & Facilities Management Group Limited



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

## INTRODUCTION

We have reviewed the interim financial report set out on pages 39 to 70 which comprises the consolidated statement of financial position of Excellence Commercial Property & Facilities Management Group Limited as of 30 June 2024 and the related consolidated statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six months then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2024 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

### **KPMG**

*Certified Public Accountants*

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

28 August 2024

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024-unaudited  
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
<b>Revenue</b>	3	<b>2,082,478</b>	1,839,339
Cost of sales		<b>(1,660,311)</b>	(1,445,862)
<b>Gross profit</b>		<b>422,167</b>	393,477
Other revenue	4(a)	<b>7,825</b>	25,456
Other net gain	4(b)	<b>1,295</b>	1
Impairment losses on receivables, contract assets and financial guarantee issued	5	<b>(61,982)</b>	(24,569)
Selling and marketing expenses		<b>(22,711)</b>	(23,035)
Administrative expenses		<b>(126,477)</b>	(111,640)
<b>Profit from operations</b>		<b>220,117</b>	259,690
Finance costs	6(a)	<b>(979)</b>	(3,874)
Share of profits less losses of associates		<b>4,873</b>	854
Share of profits less losses of joint ventures		<b>1,184</b>	1,427
<b>Profit before taxation</b>	6	<b>225,195</b>	258,097
Income tax	7	<b>(41,396)</b>	(70,806)
<b>Profit for the period</b>		<b>183,799</b>	187,291
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>170,499</b>	170,344
Non-controlling interests		<b>13,300</b>	16,947
<b>Profit for the period</b>		<b>183,799</b>	187,291
<b>Earnings per share (RMB cents)</b>	8		
Basic		<b>13.97</b>	13.96
Diluted		<b>13.97</b>	13.96

The notes on pages 46 to 70 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 19(b).



## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024-unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
<b>Profit for the period</b>	<b>183,799</b>	187,291
<b>Other comprehensive income for the period</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
– Exchange differences on translation of financial statements of entities not using Renminbi (“RMB”) as functional currency	424	(1,192)
<b>Total comprehensive income for the period</b>	<b>184,223</b>	186,099
<b>Attributable to:</b>		
Equity shareholders of the Company	170,923	169,152
Non-controlling interests	13,300	16,947
<b>Total comprehensive income for the period</b>	<b>184,223</b>	186,099

The notes on pages 46 to 70 form part of this interim financial report.

## Consolidated Statement of Financial Position

At 30 June 2024-unaudited

(Expressed in Renminbi)

	Note	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	9	48,837	52,129
Right-of-use assets	9	598,598	–
Intangible assets		314,691	334,912
Goodwill		243,515	243,515
Interests in associates		89,610	91,358
Interests in joint ventures		12,984	11,800
Financial assets measured at fair value through profit or loss (“FVPL”)	10	1,699	121,699
Deferred tax assets		102,493	71,083
		<u>1,412,427</u>	<u>926,496</u>
<b>Current assets</b>			
Inventories	11	345,095	96,762
Contract assets	12	52,314	33,442
Trade and other receivables	13	1,829,002	1,586,026
Prepaid tax		11,108	14,529
Loans receivable	14	603,562	317,907
Restricted deposits	15(a)	105,108	66,525
Cash and cash equivalents	15(b)	1,079,136	2,156,703
		<u>4,025,325</u>	<u>4,271,894</u>
<b>Current liabilities</b>			
Bank loans	16	17,000	22,000
Contract liabilities		184,667	175,235
Trade and other payables	17	1,205,497	1,101,261
Financial guarantee issued	18	88,555	72,433
Lease liabilities		9,423	9,014
Current taxation		91,049	72,016
		<u>1,596,191</u>	<u>1,451,959</u>
<b>Net current assets</b>		<u>2,429,134</u>	<u>2,819,935</u>

## Consolidated Statement of Financial Position

At 30 June 2024-unaudited

(Expressed in Renminbi)

		At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
<b>Total assets less current liabilities</b>	Note	<b>3,841,561</b>	3,746,431
<b>Non-current liabilities</b>			
Lease liabilities		6,774	9,673
Financial liabilities measured at fair value through profit or loss ("FVPL")	10	5,091	5,091
Deferred tax liabilities		79,171	78,971
		<b>91,036</b>	93,735
<b>NET ASSETS</b>		<b>3,750,525</b>	3,652,696
<b>CAPITAL AND RESERVES</b>			
Share capital	19(a)	10,479	10,479
Reserves		3,662,915	3,567,561
<b>Total equity attributable to equity shareholders of the Company</b>		<b>3,673,394</b>	3,578,040
<b>Non-controlling interests</b>		<b>77,131</b>	74,656
<b>TOTAL EQUITY</b>		<b>3,750,525</b>	3,652,696

The notes on pages 46 to 70 form part of this interim financial report.

## Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024-unaudited

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company									
	Share capital RMB'000	Share premium RMB'000	PRC		Exchange reserve RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
			Statutory reserves RMB'000	Share option reserves RMB'000						
Note	19(a)									
<b>Balance at 1 January 2023</b>	10,479	2,941,553	186,405	16,200	(144,381)	(57,326)	538,565	3,491,495	97,804	3,589,299
<b>Changes in equity for the six months ended 30 June 2023:</b>										
Profit for the period	-	-	-	-	-	-	170,344	170,344	16,947	187,291
Other comprehensive loss	-	-	-	-	(1,192)	-	-	(1,192)	-	(1,192)
Total comprehensive income	-	-	-	-	(1,192)	-	170,344	169,152	16,947	186,099
Acquisitions of a subsidiary	-	-	-	-	-	-	-	-	13,539	13,539
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	(30,198)	(30,198)
2022 final dividend declared in respect of the previous year	-	-	-	-	-	-	(64,740)	(64,740)	-	(64,740)
Pre-IPO equity-settled share-based payment	-	-	-	3,466	-	-	-	3,466	22	3,488
<b>Balance at 30 June 2023 and 1 July 2023</b>	10,479	2,941,553	186,405	19,666	(145,573)	(57,326)	644,169	3,599,373	98,114	3,697,487
<b>Changes in equity for the six months ended 31 December 2023:</b>										
Profit for the period	-	-	-	-	-	-	132,344	132,344	3,712	136,056
Other comprehensive income	-	-	-	-	2,302	-	-	2,302	-	2,302
Total comprehensive income	-	-	-	-	2,302	-	132,344	134,646	3,712	138,358
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	(27,064)	(27,064)
2023 interim dividend declared in respect of the current year	19(b)	-	-	-	-	-	(136,313)	(136,313)	-	(136,313)
Appropriations to statutory surplus reserves	-	-	80,979	-	-	-	(80,979)	-	-	-
Forfeiture of share options	-	-	-	(19,666)	-	-	-	(19,666)	(106)	(19,772)
<b>Balance at 31 December 2023</b>	10,479	2,941,553	267,384	-	(143,271)	(57,326)	559,221	3,578,040	74,656	3,652,696

## Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024-unaudited

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company							Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	PRC Statutory reserves RMB'000	Exchange reserve RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total RMB'000		
Note	19(a)								
<b>Balance at 1 January 2024</b>	10,479	2,941,553	267,384	(143,271)	(57,326)	559,221	3,578,040	74,656	3,652,696
<b>Changes in equity for the six months ended 30 June 2024:</b>									
Profit for the period	-	-	-	-	-	170,499	170,499	13,300	183,799
Other comprehensive income	-	-	-	424	-	-	424	-	424
Total comprehensive income	-	-	-	424	-	170,499	170,923	13,300	184,223
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	(10,825)	(10,825)
2023 final dividend declared in respect of the previous year	-	-	-	-	-	(75,569)	(75,569)	-	(75,569)
<b>Balance at 30 June 2024</b>	10,479	2,941,553	267,384	(142,847)	(57,326)	654,151	3,673,394	77,131	3,750,525

The notes on pages 46 to 70 form part of this interim financial report.

## Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2024-unaudited  
(Expressed in Renminbi)

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
Note		<b>RMB'000</b>	<b>RMB'000</b>
<b>Operating activities</b>			
	Cash used in operations	(540,355)	(15,150)
	Corporate Income Tax paid	(53,745)	(89,151)
	<b>Net cash used in operating activities</b>	<b>(594,100)</b>	<b>(104,301)</b>
<b>Investing activities</b>			
	Payment for acquisition of right-of-use assets	(470,000)	–
	Payment for purchase of property, plant and equipment and intangible assets	(12,705)	(8,993)
	Proceed from disposal of property, plant and equipment	1,028	438
	Proceed from disposal of subsidiaries incurred in prior year	10,000	100,000
	Dividend received from an associate	2,978	–
	Payment for investments in associates	–	(69,010)
	Asset acquisitions through acquisitions of subsidiaries, net of cash acquired	(1,031)	–
	Business combination through acquisition of subsidiaries, net of cash acquired	–	(7,908)
	Other net cash flows arising from investing activities	5,598	17,784
	<b>Net cash (used in)/generated from investing activities</b>	<b>(464,132)</b>	<b>32,311</b>
<b>Financing activities</b>			
	Proceed from bank loans	10,000	10,000
	Repayment of bank loans	(15,000)	–
	Dividends paid to non-controlling interests	(6,216)	(23,993)
	Other cash flows used in financing activities	(8,220)	(12,361)
	<b>Net cash used in financing activities</b>	<b>(19,436)</b>	<b>(26,354)</b>
	<b>Net decrease in cash and cash equivalents</b>	<b>(1,077,668)</b>	<b>(98,344)</b>
	<b>Cash and cash equivalents at 1 January</b>	<b>2,156,703</b>	<b>2,564,428</b>
	<b>Effect of foreign exchange rate changes</b>	<b>101</b>	<b>2,591</b>
	<b>Cash and cash equivalents at 30 June</b>	<b>1,079,136</b>	<b>2,468,675</b>

The notes on pages 46 to 70 form part of this interim financial report.

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 28 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Excellence Commercial Property & Facilities Management Group Limited (“**the Company**”) and its subsidiaries (collectively referred to as “**the Group**”) since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on page 38.

## 2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“**2020 amendments**”)
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“**2022 amendments**”)
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

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

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 3 REVENUE AND SEGMENT REPORTING

#### (a) Revenue

The principal activities of the Group are the provision of basic property management services, value-added services, finance services and other services. Further details regarding the Group's principal activities are disclosed in note 3(b).

Disaggregation of revenue from contracts with customers by each significant category is as follows:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
<b>Property management services</b>		
Basic property management services		
– Commercial property	1,110,517	1,050,718
– Public and industrial property	275,294	246,189
– Residential property	328,165	268,966
	<b>1,713,976</b>	<b>1,565,873</b>
Value-added services	349,147	262,845
	<b>2,063,123</b>	<b>1,828,718</b>
<b>Revenue from other sources</b>		
Finance services income	19,355	5,786
Gross rental income from investment properties	–	4,835
	<b>19,355</b>	<b>10,621</b>
	<b>2,082,478</b>	<b>1,839,339</b>

For the six months ended 30 June 2024, the revenue from Excellence Real Estate Group Co., Ltd. (“卓越置業集團有限公司”) and its subsidiaries (together, the “**Excellence Group**”) and other related parties that included companies that were owned by or under significant influence of the ultimate controlling shareholder and chairman of the board of the Company, amounted to RMB262,334,000 (six months ended 30 June 2023: RMB262,824,000). The Group has a large number of customers in addition to Excellence Group, but none of them accounted for 10% or more of the Group's revenue during the period.



# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING *(Continued)*

### (b) Segment reporting

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of property management services and related value-added services in the Chinese Mainland. The Group manages its businesses by divisions, which are organised by a mixture of business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments:

- Property management services: this segment mainly provides basic property management services, construction material trading services or system supply and installation services to property developers, property owners and tenants, and value-added services to such customers, including asset services which includes preliminary property consulting services, property leasing and sales agency services, asset-light property operation services, carparks sales and space operation services, business planning consultation and corporate services.
- Finance services: this segment mainly provides micro-lending to small and medium enterprises, individual business proprietors and individuals.
- Other services: this segment mainly provides apartment rental services.

### (i) *Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible and intangible assets managed directly by the segments excluding prepaid tax and deferred tax assets. Segment liabilities include bank loans, contract liabilities, trade and other payables, lease liabilities and other financial liability attributable to the operating activities of the individual segments and managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to revenues generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment profit includes the Group's share of profit arising from the activities of the Group's associates and joint ventures.

The measure used for reporting segment profit is profit before taxation excluding unallocated head offices and corporate expenses. In addition to receiving segment information concerning profit before taxation, management is provided with segment information concerning interest income and expense from cash balances and interest-bearing borrowings managed directly by the segments, depreciation and amortisation, impairment loss on trade and other receivables, loans receivable, financial guarantee issued and contract assets in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 3 REVENUE AND SEGMENT REPORTING (Continued)

#### (b) Segment reporting (Continued)

##### (i) Segment results, assets and liabilities (Continued)

Disaggregation of revenue from contracts with customers, revenue from other sources as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Property management		Finance services		Others		Total	
	services							
	2024	2023	2024	2023	2024	2023	2024	2023
For the six months ended June 30	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Disaggregated by timing of revenue recognition</b>								
Over time	2,050,313	1,801,949	19,355	5,786	-	4,835	2,069,668	1,812,570
Point in time	12,810	26,769	-	-	-	-	12,810	26,769
<b>Reportable segment revenue from external customers</b>	<b>2,063,123</b>	<b>1,828,718</b>	<b>19,355</b>	<b>5,786</b>	<b>-</b>	<b>4,835</b>	<b>2,082,478</b>	<b>1,839,339</b>
<b>Reportable segment profit/(loss)</b>	<b>230,569</b>	<b>258,288</b>	<b>(2,479)</b>	<b>4,353</b>	<b>-</b>	<b>(1,960)</b>	<b>228,090</b>	<b>260,681</b>
Interest income from bank deposits and other financial institutions	5,125	16,579	85	625	-	6	5,210	17,210
Finance costs	(979)	(830)	-	-	-	(3,044)	(979)	(3,874)
Depreciation and amortisation	(40,536)	(38,348)	(5)	(5)	-	(5,448)	(40,541)	(43,801)
Impairment losses on loans receivable	-	-	(21,102)	(1,207)	-	-	(21,102)	(1,207)
Impairment loss on financial guarantee issued	(16,122)	-	-	-	-	-	(16,122)	-
Impairment losses on trade and other receivables	(23,990)	(23,230)	-	-	-	2	(23,990)	(23,228)
Impairment losses on contract assets	(768)	(134)	-	-	-	-	(768)	(134)
As at 30 June/31 December								
<b>Reportable segment assets</b>	<b>4,696,948</b>	<b>4,780,308</b>	<b>626,953</b>	<b>332,294</b>	<b>-</b>	<b>-</b>	<b>5,323,901</b>	<b>5,112,602</b>
<b>Reportable segment liabilities</b>	<b>1,515,670</b>	<b>1,391,733</b>	<b>859</b>	<b>2,399</b>	<b>-</b>	<b>-</b>	<b>1,516,529</b>	<b>1,394,132</b>

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 3 REVENUE AND SEGMENT REPORTING *(Continued)*

#### (b) Segment reporting *(Continued)*

##### (ii) Reconciliations of reportable segment profit or loss, assets and liabilities

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Reportable segment profit	228,090	260,681
Unallocated head offices and corporate expenses	(2,895)	(2,584)
Consolidated profit before taxation	225,195	258,097
	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
<b>Assets</b>		
Reportable segment assets	5,323,901	5,112,602
Prepaid tax	11,108	14,529
Deferred tax assets	102,493	71,083
Unallocated head office and corporate assets	250	176
Consolidated total assets	5,437,752	5,198,390
<b>Liabilities</b>		
Reportable segment liabilities	1,516,529	1,394,132
Current taxation	91,049	72,016
Deferred tax liabilities	79,171	78,971
Unallocated head office and corporate liabilities	478	575
Consolidated total liabilities	1,687,227	1,545,694

##### (iii) Geographic information

The major operating entities of the Group are domiciled in Chinese Mainland. Accordingly, majority of the Group's revenues were derived in Chinese Mainland during the six months ended 30 June 2024 and 2023.

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

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 4 OTHER REVENUE AND NET GAIN

#### (a) Other revenue

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Interest income from bank deposits and other financial institutions	5,210	17,210
Government grants	2,227	7,672
Others	388	574
	<u>7,825</u>	<u>25,456</u>

#### (b) Other net gain

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Fair value gain on financial assets measured at FVPL	2,533	–
Net foreign exchange gain/(loss)	544	(11)
Losses on disposals of property, plant and equipment (Note 9(b))	(32)	(107)
Net gain on investment in wealth management products	–	268
Others	(1,750)	(149)
	<u>1,295</u>	<u>1</u>

### 5 IMPAIRMENT LOSSES ON RECEIVABLES, CONTRACT ASSETS AND FINANCIAL GUARANTEE ISSUED

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Impairment losses on trade and other receivables	(23,990)	(23,228)
Impairment losses on loans receivable	(21,102)	(1,207)
Impairment loss on financial guarantee issued (Note 18)	(16,122)	–
Impairment losses on contract assets	(768)	(134)
	<u>(61,982)</u>	<u>(24,569)</u>

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 6 PROFIT BEFORE TAXATION

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

#### (a) Finance costs

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Interests on bank loans	615	547
Interests on lease liabilities	364	3,327
	<b>979</b>	<b>3,874</b>

#### (b) Staff costs

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Salaries, wages and other benefits	879,267	819,691
Equity-settled share-based payment	–	3,488
Contributions to defined contribution scheme (Note)	51,395	42,409
	<b>930,662</b>	<b>865,588</b>
<b>Included in:</b>		
– Cost of sales	817,000	762,109
– Selling and marketing expenses	16,985	13,626
– Administrative expenses	96,677	89,853
	<b>930,662</b>	<b>865,588</b>

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

The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the annual contributions described above.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 6 PROFIT BEFORE TAXATION (Continued)

#### (c) Other items

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Depreciation and amortisation charges		
– Owned property, plant and equipment	8,089	8,952
– Right-of-use assets in property, plant and equipment	7,360	4,968
– Leasehold improvements for investment properties	–	434
– Right-of-use assets in investment properties	–	5,014
– Intangible assets	25,092	24,433
	40,541	43,801
Variable lease payment not included in the measurement of lease liabilities	33,542	34,593
Subcontracting costs	308,328	228,568
Rentals receivable from investment properties	–	(4,835)
Less: direct outgoings from investment properties	–	5,448
	–	613

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 7 INCOME TAX

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
<b>Current tax</b>		
Corporate Income Tax	72,606	77,346
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(31,210)	(6,540)
	<b>41,396</b>	<b>70,806</b>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI during the period.

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

The Group’s major Chinese Mainland subsidiaries are subject to Corporate Income Tax (“CIT”) at a statutory rate of 25% on their respective taxable income during the period. The different tax rates mainly come from certain Chinese Mainland subsidiaries, which are regarded as small profit enterprise or registered and operated in western region of Chinese Mainland, are entitled to People’s Republic of China (the “PRC”) income tax at a preferential rate of 15% since 2022.

Withholding taxes are levied on dividend distributions arising from profit of Chinese Mainland subsidiaries within the Group earned after 1 January 2008 at 5%. The PRC CIT Law and its implementation rules impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividends distributed by Chinese Mainland resident enterprises to their non-Chinese Mainland-resident corporate investors for profits earned since 1 January 2008. Under the Sino-Hong Kong Double Tax Arrangement, a qualified Hong Kong tax resident is entitled to a reduced withholding tax rate of 5% if the Hong Kong tax resident is the “beneficial owner” and holds 25% or more of the equity interest of Chinese Mainland enterprise directly. Since the Group could control the quantum and timing of distribution of profits of the Group’s subsidiaries in Chinese Mainland, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 8 EARNINGS PER SHARE

#### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB170,499,000 (six months ended 30 June 2023: RMB170,344,000) and the weighted average of 1,220,348,000 ordinary shares (six months ended 30 June 2023: 1,220,348,000 ordinary shares) in issue during the six months ended 30 June 2024.

#### (b) Diluted earnings per share

For the six months ended 30 June 2024 and 30 June 2023, the effect of conversion of share option scheme of the Group was anti-dilutive.

### 9 RIGHT-OF-USE ASSETS AND OTHER PROPERTY, PLANT AND EQUIPMENT

#### (a) Right-of-use assets

During the six months ended 30 June 2024, the Group entered into a number of right of use transfer agreements to acquire right-of-use assets of carparks from Excellence Group for a term until the respective expiry date of the land use rights of the relevant land parcels where the carparks are situated in with a total consideration of RMB598,000,000. The consideration was settled partly in cash in the amount of RMB470,000,000 and partly by offsetting part of the trade receivables owed by Excellence Group to the Group in the amount of RMB128,000,000. The addition to right-of-use assets during the period was amounted to RMB598,598,000, including respective stamp duties.

During the six months ended 30 June 2024, the Group entered into a number of lease arrangements for use of office spaces and dormitories and therefore recognised the additions to right-of use assets as properties leased for own use in property, plant and equipment of RMB4,901,000 (six months ended 30 June 2022: RMB4,544,000).

#### (b) Acquisitions and disposal of owned assets

During the six months ended 30 June 2024, the Group acquired items of property, plant and equipment with a cost of RMB8,286,000 (six months ended 30 June 2023: RMB7,785,000). Items of property, plant and equipment with a net book value of RMB1,060,000 were disposed of during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB545,000), resulting in losses on disposals of RMB32,000 (six months ended 30 June 2023: RMB107,000).



## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 10 FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
<b>Financial assets measured at FVPL</b>			
Unlisted equity investment	(a)	–	120,000
Option	(b)	1,699	1,699
		<u>1,699</u>	<u>121,699</u>
<b>Financial liabilities measured at FVPL</b>			
Contingent consideration	(b)	5,091	5,091
		<u>5,091</u>	<u>5,091</u>

Notes:

- (a) Unlisted equity investment represents 15% equity interest of an unlisted company which engaged in carpark sales business acquired in 2022 and became a wholly owned subsidiary during the six months ended 30 June 2024 as set out in note 20(a).
- (b) Option and contingent consideration arose from business combination of acquiring Shanghai Yaozhan Enterprise Management Co., Ltd. and its subsidiaries in 2023. Option represent the right (“**Yaozhan Option Right**”) granted by the vendors which allows the Group to either (i) put back the Group’s shares to the vendors for cash or (ii) acquire additional shares at price based on actual results of the acquiree in subsequent 3 years from 2022 when certain conditions are met. Details of fair value measurements of Yaozhan Option Right and contingent consideration are set out in note 21.

### 11 INVENTORIES

	Notes	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Carpark spaces		278,211	33,006
Customised software	(a)	17,603	21,073
Others	(b)	49,281	42,683
		<u>345,095</u>	<u>96,762</u>

Notes:

- (a) The Group provides customised software as part of the intelligent community solution to customers and the inventory comprises related materials, supplies, labour cost and other direct costs incurred during the production progress.
- (b) Others mainly represent the uninstalled equipment during rendering of equipment installation service.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 12 CONTRACT ASSETS

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
<b>Contract assets</b>		
Arising from performance under construction contracts	53,932	34,292
Less: loss allowance	(1,618)	(850)
	<u>52,314</u>	<u>33,442</u>
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and other receivables"	<u>87,798</u>	<u>91,686</u>

Contract assets mainly represent unbilled revenue of equipment installation services. The unbilled revenue of equipment installation services for the communities managed by the Group. The Group's installation contracts include payment schedules which require stage payments over the installation period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. The Group typically agrees to a retention period ranging from 12-month period to 24-month period for 3% to 5% of the contract value. This amount is included in the retention receivables until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection. When the retention period is due and the right to the retention is unconditional, this amount is included in the trade receivables.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 13 TRADE AND OTHER RECEIVABLES

	Notes	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
<b>Current</b>			
Trade and bills receivables	(a)		
– Related parties		581,694	554,498
– Third parties		1,026,601	807,333
		<u>1,608,295</u>	<u>1,361,831</u>
Less: loss allowance		<u>(172,955)</u>	<u>(150,398)</u>
		<u>1,435,340</u>	<u>1,211,433</u>
Other receivables			
– Related parties		26,084	13,125
– Third parties	(b)	137,651	146,885
		<u>163,735</u>	<u>160,010</u>
Less: loss allowance		<u>(7,774)</u>	<u>(6,341)</u>
		<u>155,961</u>	<u>153,669</u>
Dividend receivable due from an associate		3,643	–
Financial assets measured at amortised cost		1,594,944	1,365,102
Deposits and prepayments		234,058	220,924
		<u>1,829,002</u>	<u>1,586,026</u>

Notes:

- (a) Trade receivables are primarily related to revenue recognised from the provision of basic property management services and value-added services.
- (b) As at 30 June 2024, other receivables mainly included unsettled consideration receivable of RMB65,000,000 (31 December 2023: RMB75,000,000) in respect of disposal of Shenzhen Excellence Operation Management Co., Ltd. (深圳市卓越運營管理有限公司, “Shenzhen Excellence Operation”) and its subsidiaries in 2021.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 13 TRADE AND OTHER RECEIVABLES *(Continued)*

#### Ageing analysis

As at 30 June 2024, the ageing analysis of trade receivables (net of loss allowance) based on the date of revenue recognition and net of loss allowance, is as follows:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Within 6 months	947,634	862,258
6 months to 1 year	311,318	205,793
1 to 2 years	170,425	135,611
2 to 3 years	5,963	7,771
	<b>1,435,340</b>	<b>1,211,433</b>

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

### 14 LOANS RECEIVABLE

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Unguaranteed and unsecured	231,852	323,200
Guaranteed and unsecured	399,985	–
Unguaranteed and secured	8,550	10,430
Guaranteed and secured	15,000	15,000
Gross loans receivable	655,387	348,630
Less: loss allowance	(51,825)	(30,723)
	<b>603,562</b>	<b>317,907</b>

*Note:* As at 30 June 2024, loans provided by the Group to third parties from micro-lending business are interest bearing at rates ranging from 7.0% – 24.0% (31 December 2023: 7.0% – 24.0%) per annum, and recoverable within one year. Loans receivables of RMB175,176,000 were settled in cash when matured subsequent to period end.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 14 LOANS RECEIVABLE (Continued)

#### Ageing analysis

As at 30 June 2024, the aging analysis of loans receivable based on due date and credit quality is set out below:

	As at 30 June 2024			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Current (not past due)	620,097	–	–	620,097
Overdue within 1 month	1,740	–	–	1,740
Overdue over 6 months but within one year	–	–	10,000	10,000
Overdue over one year	–	–	23,550	23,550
Subtotal	621,837	–	33,550	655,387
Less: loss allowance	(34,760)	–	(17,065)	(51,825)
Total	587,077	–	16,485	603,562

  

	As at 31 December 2023			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Current (not past due)	313,200	–	–	313,200
Overdue over 3 months but within 6 months	–	–	10,000	10,000
Overdue over 6 months but within one year	–	–	1,880	1,880
Overdue over one year	–	–	23,550	23,550
Subtotal	313,200	–	35,430	348,630
Less: loss allowance	(13,094)	–	(17,629)	(30,723)
Total	300,106	–	17,801	317,907

Note: Overdue loans represent loans receivable, of which the whole or part of the principal or interest was overdue for one day or more.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 15 RESTRICTED DEPOSITS AND CASH AND CASH EQUIVALENTS

#### (a) Restricted deposits

	Note	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Cash collected on behalf of the property owners' associations (i)	17	30,065	26,678
Housing maintenance funds received (ii)	17	19,096	18,004
Other restricted deposits (iii)		55,947	21,843
		<b>105,108</b>	<b>66,525</b>

Notes:

- (i) The Group has collected cash on behalf of the property owners' associations in its property services business. Since the property owners' associations often face difficulties in opening their own bank accounts, the Group opens and manages these bank accounts on behalf of the property owners' associations.
- (ii) Housing maintenance funds received mainly represent the cash deposits in banks as housing maintenance funds which were owned by the property owners but were deposited in the bank accounts in the name of the Group.
- (iii) Other restricted deposits mainly represent the amounts collected on behalf of the customers in Group's property management service business, guaranteed deposits which will be released after completion of the related property management services and frozen cash due to litigations.

#### (b) Cash and cash equivalents comprise:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Cash in hand	673	913
Cash at banks and other financial institutions (Note)	1,078,463	2,155,790
	<b>1,079,136</b>	<b>2,156,703</b>

Note: As of the end of the reporting period, cash and cash equivalents situated in Chinese Mainland amounted to RMB1,064,991,000 (31 December 2023: RMB2,094,993,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 15 RESTRICTED DEPOSITS AND CASH AND CASH EQUIVALENTS (Continued)

#### (c) Reconciliation of profit before taxation to cash used in operations:

	Note	Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
Profit before taxation		225,195	258,097
Adjustments for:			
Interest income from bank deposits and other financial institutions	4(a)	(5,210)	(17,210)
Depreciation and amortisation	6(c)	40,541	43,801
Share of profits less losses of associates		(4,873)	(854)
Share of profits less losses of joint ventures		(1,184)	(1,427)
Others		59,916	31,781
Changes in working capital:			
Increase in loans receivable		(306,757)	(84,628)
Increase in trade and other receivables		(424,839)	(259,153)
Increase in inventories		(94,658)	(22,007)
Net changes in other working capital		(28,486)	36,450
<b>Cash used in operations</b>		<b>(540,355)</b>	<b>(15,150)</b>

### 16 BANK LOANS

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
<b>Bank loans</b>		
– Guaranteed and secured	4,000	–
– Guaranteed and unsecured	13,000	10,000
– Unguaranteed and secured	–	10,000
– Unguaranteed and unsecured	–	2,000
	<b>17,000</b>	<b>22,000</b>

Note: As at 30 June 2024, bank loans of the Group were interest-bearing at rates ranging from 3.80%-6.00% and repayable within one year. Bank loans with a principal amount of RMB4,000,000 was secured by trade receivables of the Group amounted to RMB4,505,000.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 17 TRADE AND OTHER PAYABLES

	Notes	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
<b>Current</b>			
Trade payables	(a)		
– Related parties		22,683	24,224
– Third parties		500,159	509,872
		<u>522,842</u>	<u>534,096</u>
Other payables			
– Related parties		44,585	29,412
– Third parties		65,390	63,056
		<u>109,975</u>	<u>92,468</u>
Considerations payable for business combinations		29,807	29,807
Dividends payable to equity shareholders of the Company		76,045	–
Dividends payable to non-controlling interests		10,814	6,205
Cash collected on behalf of property owners' association	15(a)	30,065	26,678
Housing maintenance funds held on behalf of property owners	15(a)	19,096	18,004
Financial liabilities measured at amortised cost		<u>798,644</u>	<u>707,258</u>
Accrued payroll and other benefits		235,315	226,429
Deposits	(b)	136,671	136,464
Accrued charges		34,867	31,110
		<u>1,205,497</u>	<u>1,101,261</u>



## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 17 TRADE AND OTHER PAYABLES (Continued)

Notes:

- (a) Trade payables mainly represent payables arising from sub-contracting services including cleaning, security, landscaping, engineering materials or facilities and maintenance services provided by suppliers and payables relating to facilities or car parks leasing.
- (b) Deposits mainly represent miscellaneous decoration deposits received from property owners and tenants during the decoration period.

#### Ageing analysis

As at 30 June 2024, the ageing analysis of trade payables, based on invoice date is as follows:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Within 1 month	139,762	177,598
1 to 3 months	181,169	190,955
3 to 6 months	62,050	60,750
6 to 12 months	73,802	45,930
Over 12 months	66,059	58,863
	<u>522,842</u>	<u>534,096</u>

### 18 FINANCIAL GUARANTEE ISSUED

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Financial guarantee issued	<u>88,555</u>	<u>72,433</u>

Beijing Global Wealth Property Management Co., Ltd. (北京環球財富物業管理有限公司, "Beijing Global"), a subsidiary acquired by the Group, had provided guarantee in respect of a loan with principal amount of RMB183,433,000 borrowed by the vendor. The amount of financial guarantee issued represents the expected payments to reimburse the loan holder for a credit loss that it incurs less any amount that the Group expects to receive from the realisation of pledged assets. In 2023, Beijing Global was served a statement of claim, the notice of response and other documents from Beijing Financial Court in relation to the dispute of the outstanding loan. During the six months ended 30 June 2024, the Group assessed the expected credit loss allowance and recognised further impairment loss of RMB16,122,000 in profit or loss.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 19 CAPITAL AND DIVIDENDS

#### (a) Share capital

	At 30 June 2024		At 31 December 2023	
	HK\$	RMB	HK\$	RMB
Issued and fully paid:				
1,220,348,000 (31 December 2023: 1,220,348,000) ordinary shares of HK\$0.01 each	12,203,482	10,478,929	12,203,482	10,478,929

#### (b) Dividends

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

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Interim dividend declared and paid after the interim period of HK\$7.66 cents (equivalent to RMB6.99 cents) per ordinary share (2023: HK\$12.18 cents (equivalent to RMB11.17 cents) per ordinary share)	85,302	136,313

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

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Final dividend in respect of the previous financial year, approved during the period, of HK6.82 cents (equivalent to RMB6.19 cents) per ordinary share (2023: HK6.09 cents (equivalent to RMB5.31 cents) per ordinary share)	75,569	64,740

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 20 ACQUISITIONS OF SUBSIDIARIES

#### (a) Zhongsheng'an

Shenzhen Zhongsheng'an Commercial Management Co., Ltd. (深圳市中盛安商業管理有限公司, "Zhongsheng'an"), previously FVPL held by the Group, became a wholly owned subsidiary of the Group upon the return of capital to the original controlling shareholder in June 2024.

Zhongsheng'an mainly held carpark spaces for sale. The transaction was accounted for as an asset acquisition of the Group.

The effect of the acquisition on the Group's assets and liabilities is set out as below:

	RMB'000
Inventories	128,905
Cash and cash equivalents	26
Current taxation	(3,593)
Trade and other payables	(2,805)
Fair value of net identified assets acquired	122,533
Fair value of the Group's previously held equity interest at the date of acquisition	(122,533)
Total cash consideration	–

#### (b) Zhenglian Haodong

During the six months ended 30 June 2024, the Group acquired 100% of equity interests of Zhenglian Haodong Technology Development Co., Ltd. (深圳市正聯浩東科技發展有限公司, "Zhenglian Haodong") from Excellence Group with a consideration of RMB1,600,000. The transaction was accounted for as an asset acquisition as the purpose of the transaction was to acquire software held by Zhenglian Haodong. The transaction was completed in January 2024.

## Notes to the Unaudited Interim Financial Report

*(Expressed in Renminbi unless otherwise indicated)*

### 21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

#### (a) Financial assets and liabilities measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group's Financial Management Department headed by the General Manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The Financial Management Department reports directly to the chief financial officer. At each reporting date, the Financial Management Department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the executive director. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

#### (a) Financial assets and liabilities measured at fair value (Continued)

	Fair value at 30 June 2024 RMB'000	Fair value measurements as at 30 June 2024 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<b>Recurring fair value measurements</b>				
Asset:				
– Yaozhan Option Right	1,699	–	–	1,699
Liability:				
– Contingent consideration	5,091	–	–	5,091

	Fair value at 31 December 2023 RMB'000	Fair value measurements as at 31 December 2023 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<b>Recurring fair value measurements</b>				
Assets:				
– Unlisted equity investment	120,000	–	–	120,000
– Yaozhan Option Right	1,699	–	–	1,699
Liability:				
– Contingent consideration	5,091	–	–	5,091

The value techniques and the inputs used in the fair value measurements are set out as below:

	Valuation techniques	Significant Unobservable inputs
Yaozhan Option Right	Black-Scholes model	Expected volatility 66.82%
Contingent consideration	Discounted cash flow method	Discount rate 3.35%

Note: As at 30 June 2024, the Group remeasured the fair value of Yaozhan Option Right and contingent consideration. As the fair value change is immaterial, no fair value gain or loss on Yaozhan Option Right and contingent consideration was recognised during the six months ended 30 June 2024.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

#### (a) Financial assets and liabilities measured at fair value (Continued)

During the six months ended 30 June 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2023: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

#### (b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost are not materially different from their fair values at 30 June 2024 and 31 December 2023.

### 22 COMMITMENTS

Commitments outstanding not provided for in the interim financial report were as follows:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Authorised but not contracted for		
– acquisition of property, plant and equipment	17,604	25,890
– acquisition of intangible assets	5,482	9,901
	<u>23,086</u>	<u>35,791</u>

### 23 CONTINGENCIES

On 9 November 2022, Shenzhen Excellence Property Management Co., Ltd. (深圳市卓越物業管理有限責任公司, "Excellence Property Management"), an indirect wholly owned subsidiary of the Company was served with a notice of arbitration issued by the Shanghai Arbitration Commission and the other relevant documents in relation to a dispute in respect of acquisition of 40% equity interest in a project company ("the Project Company") which is currently 60% held by a disposed subsidiary of the Group ("the Disposed Subsidiary"), involving the Disposed Subsidiary and Excellence Property Management, as the respondents, and the beneficial owners of the 40% equity interest in the Project Company, as the applicants.

The applicants alleged that the Disposed Subsidiary, as an agent of Excellence Property Management, failed to acquire all the 40% equity interest in the Project Company owned by the applicants and claimed against the Disposed Subsidiary and Excellence Property Management to:

- (i) pay the applicants RMB20.8 million being damages for the breach of the agreement;
- (ii) acquire all the equity interest in the Project Company owned by the applicants at a cash consideration calculated based on 40% of the audited net profit of the Project Company for the year ended 31 December 2020, multiplied by 12; and
- (iii) costs.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 23 CONTINGENCIES *(Continued)*

The Group has engaged legal advisors to handle the arbitration. Up to the date of these financial statements, no arbitral award was granted. The directors believed that Excellence Property Management should not be involved as a respondent under the arbitration and since the result of the arbitration cannot be estimated reliably as the date of these financial statements, no provision in respect of the arbitration was recognised.

### 24 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party transactions and balances disclosed elsewhere in the interim financial report, the Group also had the following related party transactions and related balances.

- (a) The Group rendered property management services and value-added services to Excellence Group and other related parties that included companies that were owned or under significant influence by ultimate controlling shareholder and chairman of the board of the Group. The property management services and value-added services revenue for the six months ended 30 June 2024 was RMB105,253,000 (six months ended 30 June 2023: RMB107,788,000) and RMB157,081,000 (six months ended 30 June 2023: RMB155,036,000) respectively. The amount of trade receivables, contract assets and contract liabilities at 30 June 2024 were RMB581,694,000 (31 December 2023: RMB554,498,000), RMB45,376,000 (31 December 2023: RMB32,339,000) and RMB23,691,000 (31 December 2023: RMB29,283,000) respectively.
- (b) The Group purchased maintenance and other services or goods from Excellence Group and other related parties that included companies that were owned or under significant influence by ultimate controlling shareholder and chairman of the board of the Group. The cost incurred in this regard for the six months ended 30 June 2024 was RMB1,100,000 (six months ended 30 June 2023: RMB3,794,000) and the amount payable at 30 June 2024 was RMB463,000 (31 December 2023: RMB604,000).
- (c) The Group entered into leases agreements in respect of certain leasehold properties from its related parties that included companies that were owned or under significant influence by ultimate controlling shareholder and chairman of the board of the Group. The amounts of lease payments by the Group under these leases for the six months ended 30 June 2024 were RMB29,261,000 (six months ended 30 June 2023: RMB28,127,000). The outstanding rent payable at 30 June 2024 was RMB21,725,000 (31 December 2023: RMB23,280,000).
- (d) The Group entered into certain carparks purchase agreements with Excellence Group and other related parties that included companies that were owned by or under significant influence of the ultimate controlling shareholder and chairman of the board of the Group. The Group paid RMB90,862,000 (six months ended 30 June 2023: RMB2,260,000) to acquire carparks from these companies during the six months ended 30 June 2024. The prepayment and payables for carparks as at 30 June 2024 was RMB3,920,000 (31 December 2023: RMB30,920,000) and RMB495,000 (31 December 2023: RMB Nil) respectively.
- (e) The Group paid IT system support service fee of RMB9,380,000 (six months ended 30 June 2023: RMB Nil) to Excellence Group during the six months ended 30 June 2024.
- (f) The Group entered into a number of right of use transfer agreements to acquire right-of-use assets of carparks from Excellence Group with a total consideration of RMB598,000,000. Please refer to note 9(a) for details.