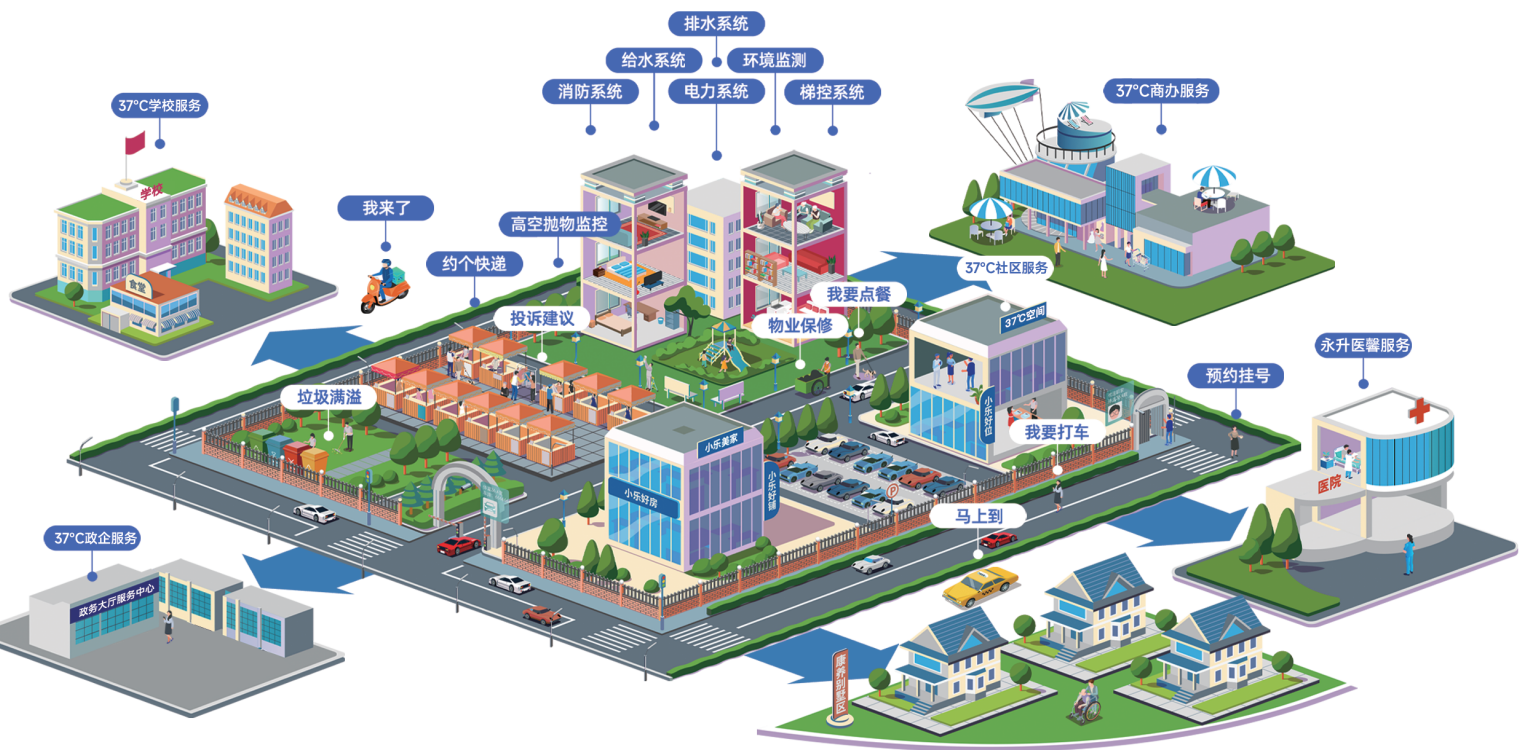


用心構築美好生活

BUILDING BETTER LIVES

Grow into a customer - preferred smart city service brand

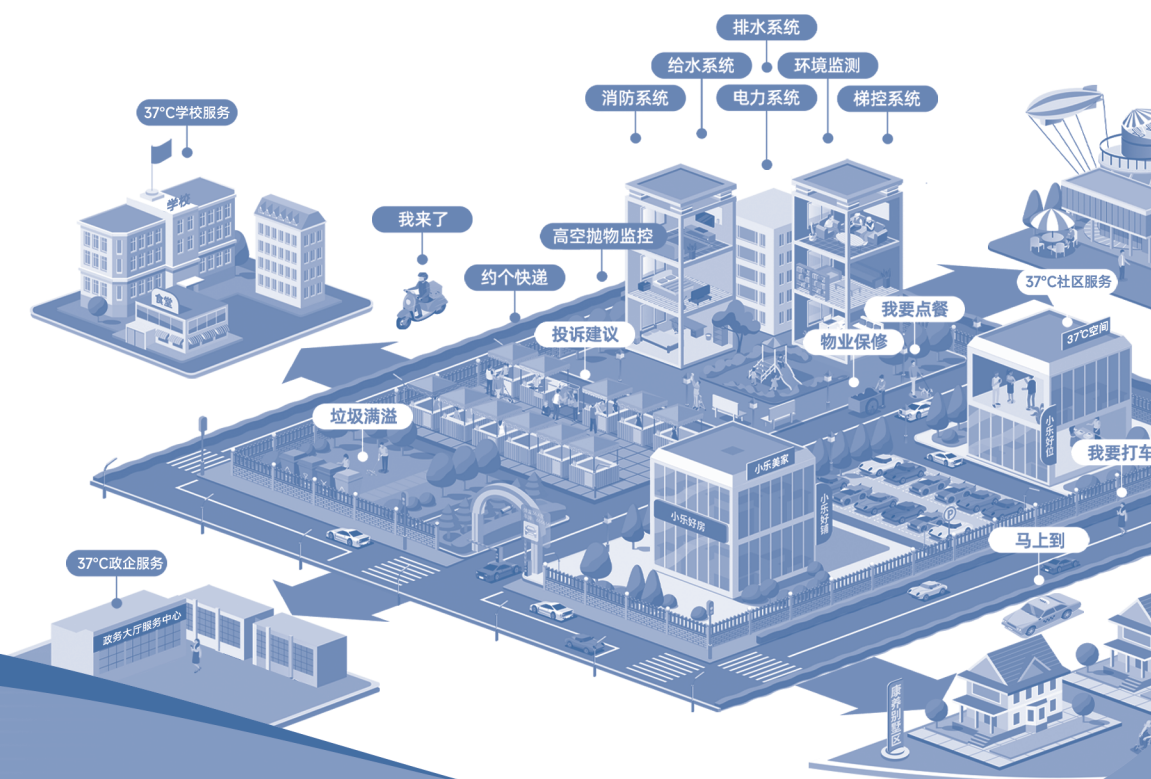


2024 INTERIM REPORT

EVER SUNSHINE SERVICES

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. LIN Zhong (*Chairman*)
Mr. ZHOU Hongbin
Mr. ZHOU Di

Non-executive Director

Ms. CUI Xiaoqing

Independent Non-executive Directors

Mr. MA Yongyi
Mr. YU Tiecheng
Mr. CHEUNG Wai Chung

COMPANY SECRETARY

Ms. CHAN Yin Wah

AUTHORISED REPRESENTATIVES

Mr. LIN Zhong
Ms. CHAN Yin Wah

STRATEGY COMMITTEE

Mr. LIN Zhong (*Chairman*)
Ms. CUI Xiaoqing
Mr. ZHOU Hongbin
Mr. ZHOU Di

AUDIT COMMITTEE

Mr. CHEUNG Wai Chung (*Chairman*)
Mr. MA Yongyi
Mr. YU Tiecheng

REMUNERATION COMMITTEE

Mr. YU Tiecheng (*Chairman*)
Mr. LIN Zhong
Mr. MA Yongyi

NOMINATION COMMITTEE

Mr. LIN Zhong (*Chairman*)
Mr. YU Tiecheng
Mr. MA Yongyi

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN CHINA

6F, Building 5, Henderson CIFI Center
Lane 1088, Shenhong Road
Minhang District, Shanghai, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong



PRINCIPAL BANKS

China Construction Bank Shanghai Putuo Branch
8th Floor
95 Changshou Road
Putuo District, Shanghai, PRC

China Construction Bank Shanghai Nujiang Road Branch
Room 101
1006 Jinshajiang Road
Putuo District, Shanghai, PRC

Ningbo Bank Shanghai Huangpu Branch
37 Huanghe Road
Huangpu District
Shanghai, PRC

China Construction Bank Suzhou Gaoxin District Branch
95 Shishan Road
Gaoxin District
Suzhou, Jiangsu Province, PRC

AUDITOR

Prism Hong Kong Limited (formerly known as
Prism Hong Kong and Shanghai Limited
up to 18 July 2024)
Units 1903 -1905, 19/F, 8 Observatory Road
Tsim Sha Tsui
Hong Kong

LEGAL ADVISER

Sidley Austin

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

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

STOCK CODE

01995

WEBSITE

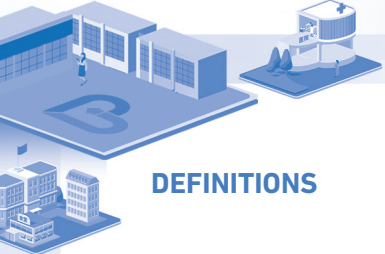
www.ysservice.com.cn

AWARDS AND HONORS



In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings:

| | |
|-----------------------------|--|
| Articles | the articles of association of the Company (as amended from time to time) |
| Audit Committee | the audit committee of the Company |
| associate(s) | has the meaning ascribed thereto under the Listing Rules |
| Best Legend | Best Legend Development (PTC) Limited (formerly known as Best Legend Development Limited), a private trust company limited by shares incorporated in the BVI on 20 April 2018 and wholly owned by Mr. Yu Chieh Jet (an employee of the Company who is not a connected person of the Company) as a special purpose vehicle to hold Shares as the trustee of the Best Legend Trust |
| Best Legend Trust | a trust company established on 19 October 2018, with Best Legend being appointed as the trustee, for the purpose of a share award scheme adopted by Best Legend |
| Board or Board of Directors | the board of directors of the Company |
| BU | Business unit |
| BVI | the British Virgin Islands |
| CG Code | the Corporate Governance Code set out in Appendix C1 to the Listing Rules |
| China or PRC | the People's Republic of China, but for the purpose of this interim report and for geographical reference only and except where the context requires, references in this interim report to "China" and the "PRC" do not apply to Taiwan, Macau Special Administrative Region and Hong Kong |
| CIFI Group | CIFI Holdings and its subsidiaries (excluding the Group) |



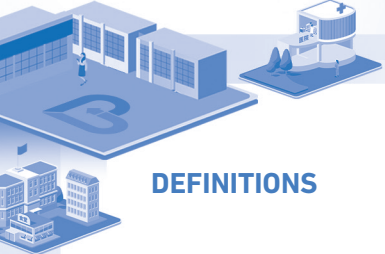
DEFINITIONS

| | |
|----------------------------------|--|
| CIFI Holdings | CIFI Holdings (Group) Co. Ltd. (旭輝控股(集團)有限公司) (stock code: 00884), an exempted company with limited liability incorporated in the Cayman Islands and the shares of which are listed on the Main Board |
| Company, Ever Sunshine, we or us | Ever Sunshine Services Group Limited (永升服务集团有限公司) (formerly known as CIFI Ever Sunshine Services Group Limited (旭輝永升服务集团有限公司)), a company incorporated in the Cayman Islands as an exempted company with limited liability on 16 April 2018 and the Shares of which are listed on the Main Board |
| Controlling Shareholder(s) | has the meaning ascribed thereto under the Listing Rules and, unless the context requires otherwise, collectively refers to Mr. Lin Zhong, Mr. Lin Feng, Mr. Lin Wei, Elite Force Development, CIFI Holdings, Xu Sheng and Spectron |
| Deed of Non-Competition | the deed of non-competition dated 26 November 2018 given by our Ultimate Controlling Shareholders in favor of the Company (for itself and as trustee for each of the subsidiaries) |
| Director(s) | director(s) of the Company |
| Elite Force Development | Elite Force Development Limited, a limited liability company incorporated in the BVI on 4 April 2018, one of our Controlling Shareholders and is owned as to 50% by Mr. Lin Zhong, 25% by Mr. Lin Feng and 25% by Mr. Lin Wei |
| FVTPL | fair value through profit and loss |
| GFA | gross floor area |
| Group, we, us or our | the Company and its subsidiaries |
| Hong Kong or HK | the Hong Kong Special Administrative Region of the PRC |
| Hong Kong dollars, HKD or HK\$ | Hong Kong dollars, the lawful currency of Hong Kong |
| Independent Third Party(ies) | a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with the Company and its subsidiaries and its connected persons and its ultimate beneficial owner(s) or their respective associates |



DEFINITIONS

| | |
|-----------------------|---|
| IPO | the initial public offering of the Company |
| Listing | the listing of the Shares on the Main Board |
| Listing Rules | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time |
| Main Board | the Stock Exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange |
| Memorandum | the memorandum of association of the Company (as amended from time to time) |
| Model Code | the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules |
| Over-allotment Option | the option granted by the Company, pursuant to which the Company may be required to allot and issue up to an aggregate of 57,000,000 additional new Shares to, among other things, cover the over-allocations (if any) in the placing of Shares to professional, institutional and other investors (the portion of which has not been exercised has lapsed on 6 January 2019) |
| Prospectus | the prospectus of the Company dated 4 December 2018 |
| Renminbi or RMB | the lawful currency of the PRC |
| Reporting Period | the period from 1 January 2024 to 30 June 2024 |
| SFO | the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |



DEFINITIONS

| | |
|-----------------------------------|---|
| Shareholder(s) | holder(s) of the Share(s) |
| Share(s) | ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company, which are traded in Hong Kong dollars and listed on the Main Board |
| Spectron | Spectron Enterprises Limited, a limited liability company incorporated in the BVI on 18 September 2014 and one of our Controlling Shareholders |
| sq.m. | square metres |
| Stock Exchange | The Stock Exchange of Hong Kong Limited |
| substantial shareholder | has the meaning as ascribed thereto under the Listing Rules |
| Ultimate Controlling Shareholders | Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei |
| Xu Sheng | Xu Sheng Limited, a limited liability company incorporated in the BVI on 9 May 2011, a wholly-owned subsidiary of CIFI Holdings and one of our Controlling Shareholders |

* *For identification purposes only*



CHAIRMAN'S STATEMENT

Dear Shareholders,

Thank you for your continuous support for the evolution and development of the Group.

On behalf of the Board, I am pleased to present the interim report of the Group for the six months ended 30 June 2024, summarizing the Group's achievements and shortcomings during the Reporting Period, while sharing the future plans and developments.

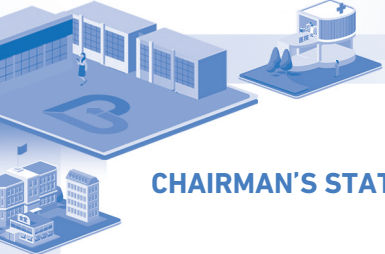
In the first half of 2024, the Group's revenue increased by approximately 5.9% to RMB3,371.0 million as compared with the corresponding period in 2023. In terms of revenue structure, revenue from property management services grew by 12.4% to RMB2,462.5 million, revenue from community value-added services decreased by 2.6% to RMB399.4 million, revenue from value-added services to non-property owners decreased by 4.1% to RMB356.6 million, and revenue from city services decreased by 28.5% to RMB149.0 million, with the overall revenue structure of the four sectors being approximately 73.1%, 11.8%, 10.6% and 4.4%.

During the Reporting Period, gross profit increased by 11.4% to RMB716.8 million, resulting in a profit attributable to owners of the Company of RMB265.1 million, representing a year-on-year increase of 10.3%, and net cash inflow from operating activities amounted to RMB101.6 million, which was maintained as a positive cash flow.

During the Reporting Period, the Group's contracted GFA increased from 308.3 million sq.m. as at 31 December 2023 to 329.5 million sq.m. as at 30 June 2024, representing an increase of 6.9%, while the GFA under management increased from 221.4 million sq.m. as at 31 December 2023 to 236.3 million sq.m. as at 30 June 2024, representing an increase of 6.7%.

In the first half of 2024, we officially launched our second five-year development plan. We are ambitious in our aspirations, but also focus on the present and move forward pragmatically. China's economy is still on the road to recovery, but the microeconomic sentiment is still poor, this process is destined to be full of ups and downs and changes, but as the saying goes, "how can you see the rainbow without experiencing the storm (不經歷風雨·怎能見彩虹)", as an enterprise, we can only choose to rise to the challenge, and there is no other way. Meanwhile, despite the introduction of more policies to stimulate real estate recovery, such as relaxation of purchase restrictions, the pace of recovery of the real estate market fell short of expectations, and the vitality of social consumption contracted. This poses a double challenge to the conduct of the Group's business.

However, we are not discouraged. We believe that in the context of a downward cycle, the marginal utility of effort is rather greater, and that sticking to a strategic approach and traversing the current cycle is the only way to an outstanding enterprise. The property management services sector still holds unlimited opportunities and potential. Despite the pressure of the external environment, our team is still as solid as a rock. Under the clear corporate values and goals, we can firmly believe that we can go through the fog, the main confidence is from my desire to win together with the "brothers". In the economic downturn, we fully feel the cohesion of the team "in wartime". The management team is required to fully practice the "three principles", must be imperative to be physically active, to be the first to lead by example, and all wring all hands to meet the challenges and create a new life.



CHAIRMAN'S STATEMENT

In formulating the new phase of our development plan, we anticipated the difficulties we might encounter along the way. Against the backdrop of a weak recovery in the upstream real estate sector and in the face of multiple goals, we have decisively focused on enhancing service quality and customer experience, and have put in more efforts as a result. These painstaking efforts are gradually showing their value.

Since 2022, the industry has encountered multiple challenges. We are well aware that only customer recognition is the way to sustainability. Therefore, in 2023, we were determined to focus more on our mission of enhancing service quality, continue to strengthen our customer service efforts, shrink our service radius and adhere to our strategy of city deep ploughing, so that we can more consistently provide services that match quality and price. Meanwhile, we continue to innovate our service content to satisfy our customers' desire for excellent service. We are well aware that only through sustained efforts and continuous innovation can we better respond to industry changes and macro challenges and provide customers with a higher quality and more satisfying service experience. As the old saying goes, "It's still half way even though one has made 90 miles out of a 100-mile journey (行百里者半九十)", there is no end to service. It is a task that should not be underestimated, but is also the key to our survival and will remain as our most important work item in the coming years. In the first half of 2024, we adhered to the implementation of this policy, and achieved significant development results. We have achieved multiple results in terms of team growth, scale expansion and efficiency gains in the core cities we focus on.

In the first half of 2024, the concerted efforts of all the Company's employees resulted in revenue growth of 5.9%, representing a record high for the half-year period, with further optimization of the quality and structure of revenue. The Company gradually stepped out of the drag brought by the downward real estate cycle and returned to the growth track. Meanwhile, we have also reaped the benefits of further growth in the market, allowing us to rediscover the direction of future growth. In the first half of 2024, our saturation revenue from outbound contracts reached a record high.

As we have repeatedly emphasized in the past, we have always been positive on the prospect of the property management services industry. The property management services industry has maintained its superior cash flow characteristics and its unique attributes such as its asset-light nature have not changed at all. In the first half of 2024, the Company still achieved a net cash inflow from operating activities of more than RMB100 million against the backdrop of a weaker-than-expected recovery in the macro-environment and the real estate industry. We firmly believe that in this highly competitive market environment, the Group will steadily maintain its leading position by focusing on providing excellent service quality and continuously satisfying customers' needs.

Looking ahead, the Group will take a more pragmatic approach in advancing the progress of its various businesses, with particular focus on the development of the community value-added services sector. Despite the current difficulties encountered by the industry in the development of value-added services, we will build up diversified service capabilities with full patience, continuously optimize the content of our existing services, increase investment in technology research and development, and persist in our service productisation initiatives, in order to continue to enhance the efficiency and quality of our services. Meanwhile, we will promote the transformation of property management services from the public sector to the household level to meet continuously expanding customer demand. We are fully confident in the future development of the Company's homeliving services business and firmly believe that it will become an important support for the Group's sustained growth. Through this series of proactive efforts, we will provide our customers with a more comprehensive and personalized service experience and open up a new chapter for the sustainable development of the Company.



CHAIRMAN'S STATEMENT

In the future, we will remain committed to the effective expansion of scale of the Company with stronger execution capabilities. Relying on our well-trained, resilient and innovative team, we continue to focus on the cultivation of young talent. In June of this year, we welcomed hundreds of university graduates to the Company. Based on the comprehensive strength brand that we have formed over the past years, we will continue to optimize the Company's strategic approach to enhance the efficiency of scale acquisition. In the face of the development environment in the new period, we have put forward the strategy of city deep ploughing, industry deep ploughing, project deep ploughing, customer deep ploughing and deep ploughing of 100 cities, and consider scale expansion with satisfaction, operating cash flow, profit and scale. As the old saying goes, "To do a good job, one must first sharpen one's tools (工欲善其事，必先利其器)", we firmly believe that through these efforts, the Company will usher in a more brilliant future.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

We are a reputable and fast-growing comprehensive property management service provider in PRC. As of 30 June 2024, we provided property management services, value-added services and city services in 103 cities in Mainland China, with a total contracted GFA of approximately 329.5 million sq.m., among which, the total GFA under management is approximately 236.3 million sq.m., serving more than 1,060,000 households.

Our business covers a broad spectrum of properties, including residential properties and non-residential properties, covering office buildings, shopping malls, school campus, hospitals, scenic spots, government-owned buildings, expressway stations, rail transit, and ferry terminals, etc.. In addition, we also provide city services and other high-quality tailored services.

Adhering to the concept of "Building Better Lives", our core value is to let customer "be Trouble-Free, Worry-Free, and Discontent-Free (省心、放心、開心)". We promote diversified development through technological innovation and adhere to the development strategy of "Platform + Ecosystem". Our mission is to provide comprehensive, caring and professional property management services to our customers and to grow into a customer-preferred smart city service brand.

Our Business Model

We operate four major business lines, namely (i) property management services; (ii) community value-added services; (iii) value-added services to non-property owners; and (iv) city services, which form a comprehensive service portfolio offering to our customers and cover the entire value chain of the property management industry.

1. Property management services: We provide a variety of property management services to property developers, property owners and residents, which primarily include cleaning, security, gardening and repair and maintenance services. We manage a portfolio of residential and non-residential properties. Our non-residential properties include office buildings, shopping malls, schools, hospitals, scenic spots, government-owned buildings, expressway service stations, rail transit and ferry terminals.
2. Community value-added services: We provide community value-added services to both property owners and residents with the aim of improving their living experiences, maintaining and enhancing their asset values. These services mainly cover (i) home-living services; (ii) parking unit management and leasing services; (iii) property agency services; and (iv) common area value-added services.



MANAGEMENT DISCUSSION AND ANALYSIS

3. Value-added services to non-property owners: We provide a comprehensive range of value-added services to non-property owners, who primarily include property developers and, to a lesser extent, non-property developers who require certain additional tailored services in respect of their non-residential properties and property management services providers who outsource certain value-added services to us. Our value-added services to non-property owners mainly include (i) sales assistance services; (ii) additional tailored services; (iii) housing repair services; (iv) pre-delivery inspection services; and (v) preliminary planning and design consultancy services, which cover on-site inspection services for each unit to provide sufficient recommendations from the end-user's perspective.
4. City services: We can provide a wide range of city services. Such services mainly include (i) city environmental sanitation; (ii) waste sorting and treatment; (iii) installation of block facilities; (iv) landscaping project; (v) old communities renovation; and (vi) smart block construction.

Property Management Services

Continuous High Quality Development

We uphold our strategy of deepening city and insist on quality expansion as one of our strategic goals. During the Reporting Period, we achieved high quality development in contracted GFA and GFA under management through multi-wheel drivers.

As at 30 June 2024, our contracted GFA amounted to approximately 329.5 million sq.m. and the number of contracted projects was 1,731, representing an increase of approximately 8.3% and 10.4%, respectively as compared with those as at 30 June 2023. As at 30 June 2024, our GFA under management amounted to approximately 236.3 million sq.m. and the number of projects under management was 1,426, representing an increase of 14.9% and 20.4%, respectively as compared with those as at 30 June 2023.

The table below sets out the changes in our contracted GFA and GFA under management for the six months ended 30 June 2024 and 2023, respectively:

| | For the six months ended 30 June | | | |
|------------------------------------|----------------------------------|-----------------------------------|-----------------------------|-----------------------------------|
| | 2024 | | 2023 | |
| | Contracted GFA (sq.m. '000) | GFA under management (sq.m. '000) | Contracted GFA (sq.m. '000) | GFA under management (sq.m. '000) |
| As at the beginning of the period | 308,265 | 221,408 | 303,435 | 209,954 |
| Additions ⁽¹⁾ | 37,588 | 24,464 | 22,114 | 16,940 |
| Terminations ⁽²⁾ | (16,323) | (9,526) | (21,297) | (21,277) |
| As at the end of the period | 329,530 | 236,346 | 304,252 | 205,617 |

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) With respect to our residential and non-residential projects under management, additions primarily included preliminary management contracts for new properties developed by real estate developers, property management service contracts pursuant to which we replaced the previous property management service providers, and property management contracts acquired through acquisitions of subsidiaries.
- (2) These terminations included our voluntary non-renewals of certain property management services contracts as we reallocated our resources to more profitable engagements in order to optimize our property management portfolio.

Our Geographic Footprint

Since the Group's inception up to 30 June 2024, our geographic footprint has covered 103 cities in China, aiming at deep regional penetration in pursuit of effective scale expansion.

The table below sets forth a breakdown, by geographic location, of our total GFA under management as at the dates indicated and the revenue generated from property management services for the six months ended 30 June 2024 and 2023, respectively:

| | As at 30 June or for the six months ended 30 June | | | | | |
|--|---|--------------------|--------------|-------------------|--------------------|--------------|
| | 2024 | | | 2023 | | |
| | GFA sq.m. '000 | Revenue RMB'000 | % | GFA sq.m. '000 | Revenue RMB'000 | % |
| Eastern region ⁽¹⁾ | 127,334 | 1,530,833 | 62.2 | 116,795 | 1,251,053 | 57.1 |
| Northern region ⁽²⁾ | 27,073 | 232,409 | 9.4 | 21,327 | 263,217 | 12.0 |
| Central Southern region ⁽³⁾ | 37,556 | 284,104 | 11.5 | 37,504 | 302,010 | 13.8 |
| Western region ⁽⁴⁾ | 36,401 | 325,098 | 13.2 | 24,746 | 277,892 | 12.7 |
| Northeastern region ⁽⁵⁾ | 7,982 | 90,039 | 3.7 | 5,245 | 95,921 | 4.4 |
| Total | 236,346 | 2,462,483 | 100.0 | 205,617 | 2,190,093 | 100.0 |

Notes:

- (1) Cities in the eastern region in which we have property management projects include Shanghai, Suzhou, Jiaxing, Hangzhou, Nanjing, Wuxi, Xiamen, Zhoushan, Zhangzhou, Rizhao, Liaocheng, Yangzhou, Lianyungang, Xuancheng, Jinhua, Chuzhou, Huzhou, Quanzhou, Zhenjiang, Zibo, Zunyi, Huaian, Wuhu, Huainan, Yantai, Shaoxing, Weihai, Suqian, Taizhou, Fuzhou, Yancheng, Weifang, Heze, Jining, Wenzhou, Taizhou, Fuyang, Dezhou, Xuzhou, Linyi, Nantong, Changzhou, Jinan, Dongying, Anqing, Ningbo, Binzhou, Qingdao and Hefei.
- (2) Cities in the northern region in which we have property management projects include Beijing, Tianjin, Shijiazhuang, Taiyuan, Cangzhou, Tangshan, Langfang and Handan.



MANAGEMENT DISCUSSION AND ANALYSIS

- (3) Cities in the central southern region in which we have property management projects include Shenzhen, Foshan, Wuhan, Zhengzhou, Changsha, Nanyang, Jiangmen, Putian, Dali Bai Autonomous Prefecture, Guangzhou, Nanchang, Huanggang, Zhoukou, Huizhou, Guilin, Nanning, Yichang, Shaoyang, Zhuzhou, Xiangtan, Zhongshan, Shangqiu, Xuchang, Dongguan, Xiangxi Tujia-Miao Autonomous Prefecture, Nujiang Lisu Autonomous Prefecture, Yueyang, Changde, Hengyang, Liuzhou and Luoyang.
- (4) Cities in the western region in which we have property management projects include Xi'an, Chengdu, Chongqing, Baoji, Weinan, Luliang, Tianshui, Urumqi, Xiangyang, Xining, Zaozhuang, Yinchuan, Baiyin, Guiyang, Liupanshui and Kunming.
- (5) Cities in the northeastern region in which we have property management projects include Changchun, Harbin, Shenyang and Dalian.

Achieve progressive growth in scale, subject to the principle of high-quality development

Handling of Business Transactions with CIFI Group in accordance with market-oriented principle

As a long-term service partner of CIFI Group, we have been maintaining a stable market-oriented collaborative partnership with CIFI Group. Looking back at the first half of 2024, the market environment of the real estate industry in the PRC remained challenging and recovery has been weak. These challenges have also had a continued negative impact on the property management services industry. We still adhered to the principle of "conducting business with the CIFI Group in accordance with market-based principles", which enabled us to mitigate the relevant negative impact relatively effectively and keep the the relevant negative impact on our property management services business within a manageable range. We have continued to improve and adjust our strategies to ensure that our cooperation with CIFI Group continues to develop steadily. In this challenging environment, we will cooperate closely together to meet the opportunities and challenges that the future brings.

Continued enhancement of the Company's Independent Third-party Market Development Capabilities

As one of the key drivers of the Company's expansion, we have always endeavoured to diversify into third-party markets. By expanding our resources to various independent markets, we continue to increase our market share. At the same time, we continue to improve our ability to build teams to achieve better empowerment results. This proactive strategy has enabled us to remain competitive in an ever-changing environment and has brought about sustained scale growth for the Company. The main targets of our market expansion include regional property developers, property owners' committees, local governments, and commercial and corporate clients. To acquire management rights for property developers' first-hand projects, we participated in the tender bidding of their new development projects. During the Reporting Period, we acquired high-quality first-hand projects such as Suzhou Xizian Yaju (蘇州溪前雅居), Tianjin Yangxi Huayuan (天津央壘花苑) and Jinhuayuan (錦花苑).

To acquire management rights for second-hand projects, we joined in the tender bidding offered by the property owners' committees to replace the previous property management service provider. During the Reporting Period, we acquired premium second-hand projects, such as Shanghai Mingtian Huacheng (上海明天華城), Shanghai Senlin Gongguan (上海森林公館), Hangzhou Haipai Fengjing Huayuan (杭州海派風景花苑), Hefei Mengxi Xiaocheng (合肥夢溪小城), and Urumqi Hexing Dijing (烏魯木齊和興帝景) through public bidding.



MANAGEMENT DISCUSSION AND ANALYSIS

We also participated in government procurement, including tenders for public construction projects such as hospitals and schools, rail transit, cultural venues and office buildings. During the Reporting Period, we acquired premium public construction projects such as 12 kindergartens of the Education Bureau of Xigang District in Dalian (大連西崗區教育局), the Tushan Railway Comprehensive Base in Chongqing (重慶塗山軌道綜合基地), the Freshwater Fish Aquarium in Shaoxing (紹興市淡水魚水族館) and the People's Court of Huangzhong District in Xining (西寧湟中區人民法院).

In addition, we established a "Commercial Division" within the Company with the aim of developing a more professional and refined approach to commercial and corporate services in the long term. During the Reporting Period, we acquired projects such as Shanghai Qinhegu (Xuanqiao) Elderly Community (上海親和谷(宣橋) 養老社區), Suzhou Gonghu Science and Innovation Park (蘇州貢湖科創園), Guiyang Branch of Guizhou Mobile (貴州移動貴陽分公司), Datang Hubei New Energy (大唐湖北新能源), and projects for corporate headquarters and office parks such as projects for Geely Automobile Holdings Limited in Ningbo, Quzhou and Xiangtan, and projects for JD.com, Inc. in Wuhan, Wenzhou and Jinan.

Since the implementation of market-oriented expansion, through years of accumulation, the Group has successfully built a solid bidding outreach capabilities. The saturation revenue from the Company's outbound contracts for the Reporting Period increased significantly year-on-year and reached the best performance in years. We believe that with the Company's constantly improving comprehensive strength and better reputation brand support, through our continuous enhancement of the industry standards and improving the bidding outreach technical means, we will certainly achieve a more robust business growth.

Strategic Mergers and Acquisitions

Strategic mergers and acquisitions have been a crucial part of our historical development process. In terms of mergers and acquisitions, the Group adheres to the principle of "Selects the target carefully before investment; conducts effective management after investment (投前精選標的,投後完善管理)". Through strategic mergers and acquisitions, we increased our market share in existing markets, expanded our regional business scales, and made up the weaknesses among sectors quickly to enhance our multi-sector services capabilities.

Since the Listing, we adhered to the prudent principle for mergers and acquisitions and have acquired companies for different type of properties such as Zhengzhou Jinyi Property Service Co., Ltd.* (鄭州錦藝物業服務有限公司) for residential sector, Qingdao Yayuan Property Management Co., Ltd.* (青島雅園物業管理有限公司) and Shanghai Macalline Property Management Services Co., Ltd.* (上海美凱龍物業管理服務有限公司) for commercial and office space sector, Jiangsu Xiangjiang Property Development Co., Ltd.* (江蘇香江物業發展有限公司) for public facilities sector, Shandong XinJian Property Development Co., Ltd.* (山東鑫建物業發展有限公司) for logistics park sector, Hunan Meizhong Biophysical Environment Technology Co., Ltd.* (湖南美中環境生態科技有限公司) ("Meizhong Environment") for city sanitation and Huaxi Xin'an (Beijing) Property Management Co., Ltd.* (華熙鑫安(北京)物業管理有限公司) for mixed-use complex sector, and all have achieved positive post-investment integration results. In 2023, we completed the acquisition of Beijing Hangteng Property Management Co., Ltd.* (北京航騰物業管理有限責任公司). Overall, however, since 2022, we significantly reduced the number of mergers and acquisitions due to the continued disturbance in the external environment and the Company's prudent internal risk management requirements.



MANAGEMENT DISCUSSION AND ANALYSIS

It is particularly worth mentioning that, due to our adherence to the disciplined principles of strategic mergers and acquisitions, all of the projects that we have historically merged and acquired have achieved good integration with us, and have all reached the performance requirement targets, and it is expected that the existing acquired and integrated companies will be able to achieve better business operation and realize better performance contribution in the future.

The table below sets forth the breakdown, by types of property developers, of our total GFA under management as at the dates indicated:

| | As at 30 June | | | |
|--|-------------------|------------|-------------------|------------|
| | 2024 | | 2023 | |
| | GFA sq.m. '000 | % | GFA sq.m. '000 | % |
| CIFI Group ⁽¹⁾ | 60,477 | 25.6 | 47,063 | 22.9 |
| Third-party property developers ⁽²⁾ | 175,869 | 74.4 | 158,554 | 77.1 |
| Total | 236,346 | 100 | 205,617 | 100 |

Notes:

- (1) Included properties solely developed by CIFI Group and properties jointly developed by CIFI Group and other property developers (CIFI Group held a controlling interest in such properties).
- (2) Referred to properties solely developed by third-party property developers independent from CIFI Group, as well as properties jointly developed by CIFI Group and other property developers (CIFI Group did not hold a controlling interest in such properties).

Strengthening Position as a Comprehensive Property Management Service Provider

We manage a wide range of properties, including residential and non-residential properties. We have accumulated tremendous experience in managing non-residential properties, including office buildings, shopping malls, industrial parks, hospitals and schools etc.. Meanwhile, with the further opening up of the non-residential market, we were offered with more opportunities to participate in the tender bidding in such market and expand market share. We seized the emerging market opportunities and entered the sub-sectors in the non-residential market, including headquarters buildings for large enterprises, expressway services stations, subway rail transit, tourist scenic spots and industrial exhibition centers. We treat the acquired projects as a stepping stone to set up benchmarks and continue to achieve penetrative development in local markets, thereby achieving the increase in the concentration in local market. Despite the fact that revenue generated from residential property projects has contributed and will continue to contribute the largest proportion of our property management revenue, we strive to diversify our service portfolio to get more development of refinement and specialization in the non-residential properties. As at 30 June 2024, non-residential properties accounted for approximately 35.8 % in our GFA under management.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth a breakdown, by different types of properties as they were developed, of our total GFA under management as at the dates indicated and revenue from property management services generated therefrom for the six months ended 30 June 2024 and 2023, respectively:

| As at 30 June or for the six months ended 30 June | | | | | | |
|---|-------------------|--------------------|--------------|-------------------|--------------------|--------------|
| | 2024 | | | 2023 | | |
| | GFA sq.m. '000 | Revenue RMB'000 | % | GFA sq.m. '000 | Revenue RMB'000 | % |
| Residential properties | 151,779 | 1,457,526 | 59.2 | 138,984 | 1,250,898 | 57.1 |
| Non-residential properties | 84,567 | 1,004,957 | 40.8 | 66,633 | 939,195 | 42.9 |
| Total | 236,346 | 2,462,483 | 100.0 | 205,617 | 2,190,093 | 100.0 |

Lump Sum Basis and Commission Basis

We generally price our services by taking into account, among others, factors such as the characteristics and locations of the residential communities, our budget, targeted profit margins, property owner and resident profiles and the scope and quality of our services. We charge property management fees primarily on a lump sum basis, with a small portion of which charged on a commission basis.

The following table sets forth a breakdown, by revenue model, of our total GFA under management as at the dates indicated and revenue from property management services for the six months ended 30 June 2024 and 2023, respectively:

| As at 30 June or for the six months ended 30 June | | | | | | |
|---|-------------------|--------------------|--------------|-------------------|--------------------|--------------|
| | 2024 | | | 2023 | | |
| | GFA sq.m. '000 | Revenue RMB'000 | % | GFA sq.m. '000 | Revenue RMB'000 | % |
| Lump sum basis | 234,476 | 2,460,204 | 99.9 | 203,107 | 2,187,885 | 99.9 |
| Commission basis | 1,870 | 2,279 | 0.1 | 2,510 | 2,208 | 0.1 |
| Total | 236,346 | 2,462,483 | 100.0 | 205,617 | 2,190,093 | 100.0 |



Community Value-Added Services

During the Reporting Period, a variety of community value-added services struggled to advance amidst the challenges of a slower-than-expected macroeconomic recovery and a weak property market in the PRC, while we focused more on community value-added services development and gave up some of the businesses with low gross profit margins and poor sustainability. During the Reporting Period, revenue from community value-added services was approximately RMB399.4 million, representing a decrease of approximately 2.6% as compared with approximately RMB410.0 million for the six months ended 30 June 2023.

Promoting rapid development of community value-added services and establishing a value-added service development system is one of the Group's key strategic development directions. We adhered to the concept of "something must be done and some must not be done (有所為、有所不為)" and developed value-added service products suitable for property owners, based on the needs of community property owner so as to boost the revenue generated from community value-added services.

With the expansion of our service scope, we have more mature experience in community value-added services and continue to optimize and upgrade our talent team. We have continued to deepen our research on community scenarios and service target groups, and have been advancing in a number of dimensions, including demand identification, product and service design, channel and supplier selection, and marketing plan development. Although the development of community value-added services has encountered multiple pressures from the macro-economy and faced various challenges, the community value-added services have continued to strive for advancement. In the future, the Group will continue to follow the strategy of driving up the revenue from community value-added services, and will continue to improve the quality of our services to achieve more sustainable development.

We believe that there are a number of reasons which caused the current bottleneck for the development of community value-added services. However, by continuously grasping the service needs of high-quality customers, through stronger service loyalty, innovative product servitisation and sustained efforts, we will still reap the benefits of the spring blossom of community enrichment services.

MANAGEMENT DISCUSSION AND ANALYSIS

Currently, our community value-added services cover four major areas, namely home-living services, parking unit management and leasing services, property agency services, and common area value-added services. The following table sets forth the breakdown of revenue from our community value-added services for the six months ended 30 June 2024 and 2023, respectively:

| | For the six months ended 30 June | | | |
|---|----------------------------------|--------------|----------------|--------------|
| | 2024 | | 2023 | |
| | RMB'000 | % | RMB'000 | % |
| Home-living services ⁽¹⁾ | 221,493 | 55.4 | 217,190 | 53.0 |
| Parking unit management and leasing services ⁽²⁾ | 76,153 | 19.1 | 70,182 | 17.0 |
| Property agency services ⁽³⁾ | 62,270 | 15.6 | 69,526 | 17.0 |
| Common area value-added services ⁽⁴⁾ | 39,482 | 9.9 | 53,123 | 13.0 |
| Total | 399,398 | 100.0 | 410,021 | 100.0 |

Notes:

- (1) This primarily included house delivery-stage renovation services such as house decoration, partial house renovation, turnkey furnishing etc.; mature community services such as on-site maintenance, housekeeping and cleaning, home management, secondary renovation, community group purchasing etc.; and special services such as facilities and equipment repair, maintenance and renovation for communities.
- (2) This primarily included fees received from leasing and management of parking units.
- (3) This primarily included agency sales and agency leasing of apartments and parking unit.
- (4) This primarily included service income received from leasing and management of common areas.

Value-Added Services to Non-Property Owners

We provide value-added services to non-property owners, which comprise sales assistance services that primarily include display units management services (the scope of services mainly covers security, cleaning, greening, reception etiquette, and other services for display units), additional tailored services, preliminary planning and design consultancy services, housing repair services, and pre-delivery inspection services. We extend the professional services of property management to the front end of real estate development. Most of these non-property owners are property developers.

During the Reporting Period, revenue from value-added services to non-property owners decreased by approximately 4.1% to approximately RMB356.6 million as compared with RMB371.7 million for the six months ended 30 June 2023, mainly due to the weakened real estate market in China. We are more cautious about the provision of value-added services to non-property owners and have withdrawn from some of the service projects with relatively low expected gains.



MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth a breakdown of our revenue generated from our value-added services provided to non-property owners for the six months ended 30 June 2024 and 2023, respectively:

| | For the six months ended 30 June | | | |
|--|----------------------------------|--------------|----------------|--------------|
| | 2024 | | 2023 | |
| | RMB'000 | % | RMB'000 | % |
| Sales assistance services | 109,069 | 30.6 | 120,158 | 32.3 |
| Additional tailored services | 151,115 | 42.4 | 134,831 | 36.3 |
| Preliminary planning and design consultancy services | 18,615 | 5.2 | 31,520 | 8.5 |
| Housing repair services | 58,636 | 16.4 | 62,033 | 16.7 |
| Pre-delivery inspection services | 19,178 | 5.4 | 23,152 | 6.2 |
| Total | 356,613 | 100.0 | 371,694 | 100.0 |

City Services

With the continuous development of social governance and the socialisation of logistic services for the authorities, the Company has gradually expanded from the traditional residential property sector to the non-residential sector and extended to the city services operation level in accordance with the market demand and the development direction of the “big property services (大物業)” strategy. Since 2020, we have gained experiences in urbanization services through strategic cooperation with regional urban investment platforms such as Shanghai Lingang New City Investment & Construction Co., Ltd.* (上海臨港新城投資建設有限公司) and Wuxi Huishan State-owned Investment Holding Group Co., Ltd.* (無錫市惠山國有投資控股集團有限公司). Meanwhile, we have further built up our professional capabilities in city services through the acquisition and integration of Meizhong Environment in 2021.

At the initial stage of our Listing, we launched the Company’s mission “Building Better Lives”. Subsequently, in 2020, we first announced the Company’s vision to “Grow into A Customer-preferred Smart City Service Brand”. After continuous exploration and research, we have positioned the Company’s city services in three directions:

- (i) city municipal services butler: focusing on environmental sanitation and greening, as well as old community renovation services;
- (ii) city asset management assistant: dedicated to the effective management of city idle space and area resource; and
- (iii) city future development partner: participating in the construction of smart cities and becoming an important player in city development.

We have become a property management company covering the business of city services, and will constantly strive to realize the Company’s mission and vision to provide premium smart city services to our customers.



MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE OUTLOOK

Since the industry entered a downward cycle in 2021, we made positive progress in coping with difficulties as we endeavoured to overcome challenges in the face of a complex and volatile economic environment. As a property management company, we have always put employee safety first and actively cooperated with the local government in neighbourhood management work to provide property owners with a safe and convenient living environment. Despite the less-than-expected economic recovery, we closely monitored market trends, flexibly adjusted our strategies and continued to improve our service quality. In the future, the management will continue to lead the team to fast-track the company's goals and provide excellent property services to our customers, adhering to the philosophy of "Building Better Lives".

High Quality First, Steady Increase in our Business Size and Market Share

We plan to increase the number of properties under management and GFA, and further optimize our professional marketing team to strategically assess and participate in biddings to acquire more property management business and enhance our service quality. We will increase our business footprint and project density in strategic regions with higher population density and consumption capacity, focusing on 100 cities.

Leveraging on the Group's strong brand, we have also established strategic alliances with property developers and urban construction investment companies to provide property management services for their projects, further penetrate into strategic regions. Moreover, we will focus on managing more non-residential properties, such as hospitals, exhibition centres and industrial parks, to seize the opportunity of service socialization and diversify our portfolio of properties under management.

With the continuous improvement of the Group's capabilities and opportunities arising in the industry, we will also gradually expand the scope of our business and actively layout opportunities in areas such as city services.

Strengthen the Capacity to Provide Diversified and High-Quality Services

We plan to further diversify our value-added services to non-property owners by enhancing our capabilities in preliminary planning and design consultancy services, project quality monitoring services, pre-delivery inspection services, and housing repair services.

While providing value-added services to property developers, we will enhance full industry chain coverage for property development, sales and management so as to achieve vertical industry extension, and acquire more opportunities to gain property management projects.

Meanwhile, we also plan to provide consultancy services to local property management companies to expand our business scope and enhance our brand awareness.

We will continue to diversify our service offerings to meet the ever-changing needs of our customers and expand our business scope to provide more comprehensive and premium property management solutions.



MANAGEMENT DISCUSSION AND ANALYSIS

Community value-added services have always been our strategic focus “to make the platform bigger and stronger, and to make the ecosystem better and more thorough (做大做強平台、做優做透生態)”. We will continue to implement the BU system and operate the specialized business after validation of business logic in an independent manner with more focus, professionalism and talent. We hope to increase our market penetration rate and reach out to the common needs of property owners in a better and broader way.

Continuing to Bring in Talents and Upgrade Organization

We continue to bring in quality young talents to the Group through our “Endless Dynamic (永動力)” campus recruitment programme. With the expansion of our management scale and the upgrading of our service offerings, we are committed to nurturing a team of passionate and talented people who are closely linked to the development of the Company. For senior management, we uphold the strategy of “vacating cage to change bird (騰籠換鳥)”, aiming to build an excellent senior management team with vision and consensus. At the same time, we provide middle-level management with sufficient room for growth and professional training in various businesses. We create a multi-talented and multi-capable organization through layers of screening to stimulate the team’s vitality and creativity.

We will continue to strengthen our talent introduction and organizational upgrading efforts to continuously inject new vitality and momentum into the Company’s development. We believe that by continuously optimizing our talent pool, we will be better able to cope with challenges, seize opportunities and achieve long-term prosperity for the Company.

Further Investment in Technologies and Intelligent Operations

We will further invest in technology and smart operations to enhance our quality and operational efficiency. Back in 2019, we established Linjiu Intelligent Technology Co., Ltd.* (霖久智慧科技有限公司), which is committed to digital construction, in order to improve service quality management and enable technology drive the property revolution.

In our future plans, we will invest further in the upgrade of our internal management system. We will optimize our enterprise resource planning (ERP) information system, office automation system, financial system, human resources system and contract management system, etc. We will also build a big data information sharing platform, comprising management tools such as customer relationship management (CRM) cloud, property management cloud, bill management cloud and parking cloud, to achieve the interconnection of information among property owners, our employees, and business partners. At the same time, we plan to establish a centralized command center to achieve remote control of our operation, conduct data analysis, reduce intermediate logistics and improve management accuracy and efficiency.

We will continue to press forward with the progress towards standardization, centralization, digitalization and automation to ensure the consistent delivery of quality services with minimal human errors and to exercise effective control on operational costs. Through the innovation and application of technology, we will bring smarter and more efficient property management services to our customers and achieve overall progress in the property industry.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue amounted to approximately RMB3,371.0 million, representing an increase of approximately 5.9% from approximately RMB3,183.7 million for the corresponding period in 2023.

Revenue of the Group by business line for the periods indicated was as follows:

| | For the six months ended 30 June | | | |
|---|----------------------------------|--------------|------------------|--------------|
| | 2024 | | 2023 | |
| | RMB'000 | % | RMB'000 | % |
| Property management services | 2,462,483 | 73.1 | 2,190,093 | 68.8 |
| Community value-added services | 399,398 | 11.8 | 410,021 | 12.9 |
| Value-added services to non-property owners | 356,613 | 10.6 | 371,694 | 11.7 |
| City services | 149,021 | 4.4 | 208,543 | 6.5 |
| Others | 3,510 | 0.1 | 3,343 | 0.1 |
| Total revenue | 3,371,025 | 100.0 | 3,183,694 | 100.0 |

The property management services business is our largest source of income. During the Reporting Period, the revenue from property management services was approximately RMB2,462.5 million, accounting for approximately 73.1% of the Group's total revenue. This increase in revenue from property management services was primarily driven by our steady cooperation with CIFI Group and our continuous efforts to expand third-party customer base.



MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the Group's revenue derived from property management services by type of property developer during the periods indicated:

| | For the six months ended 30 June | | | |
|--|----------------------------------|--------------|------------------|--------------|
| | 2024 | | 2023 | |
| | RMB'000 | % | RMB'000 | % |
| CIFI Group ⁽¹⁾ | 717,025 | 29.1 | 589,695 | 26.9 |
| Third-party property developers ⁽²⁾ | 1,745,458 | 70.9 | 1,600,398 | 73.1 |
| Total revenue | 2,462,483 | 100.0 | 2,190,093 | 100.0 |

(1) Includes properties solely developed by CIFI Group and properties that CIFI Group jointly developed with other property developers in which CIFI Group held a controlling interest.

(2) Refers to properties solely developed by third-party property developers independent from CIFI Group, as well as properties jointly developed by CIFI Group and other property developers in which CIFI Group did not hold a controlling interest.

The revenue from community value-added services decreased from approximately RMB410.0 million for the six months ended 30 June 2023 to approximately RMB399.4 million for the Reporting Period, representing a slight decrease of approximately 2.6%, which was mainly due to the decrease of revenue from common area value-added services. During the Reporting Period, we optimized the common area value-added services business and give up some low-margin business, which led to the decrease of revenue.

The revenue from value-added services to non-property owners decreased by approximately 4.1% from approximately RMB371.7 million for the six months ended 30 June 2023 to approximately RMB356.6 million for the Reporting Period. Such decrease was mainly due to the downturn of the real estate industry in the PRC.

During the Reporting Period, the revenue generated from city services was approximately RMB149.0 million, representing a decrease of approximately 28.5% from approximately RMB208.5 million for the six months ended 30 June 2023, which was mainly caused by our strategy of reallocating the resources and withdrawing from some less profitable engagements during the Reporting Period to improve the efficiency.

Cost of services

Cost of services increased by approximately 4.5% from approximately RMB2,540.4 million for the six months ended 30 June 2023 to approximately RMB2,654.3 million for the Reporting Period, primarily due to the increase of various kinds of costs during the Reporting Period as a result of the scale-up of our business. We will continuously invest in intelligent operation and conduct effective cost control measures to improve our operation efficiency.



MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit

As a result of the above principal factors, the Group's gross profit increased by approximately 11.4% from approximately RMB643.3 million for the six months ended 30 June 2023 to approximately RMB716.8 million for the Reporting Period.

Gross profit margin of the Group by business line for the periods indicated was as follows:

| | For the six months ended 30 June | |
|---|-------------------------------------|--------------|
| | 2024 | 2023 |
| Property management services | 20.5% | 18.7% |
| Community value-added services | 37.1% | 43.4% |
| Value-added services to non-property owners | 12.4% | 10.3% |
| City services | 11.7% | 7.8% |
| Overall | 21.3% | 20.2% |

During the Reporting Period, the gross profit margin of the Group was 21.3%, representing an increase of 1.1 percentage point as compared with that of 20.2% for the corresponding period in 2023, which was primarily due to the increase in gross profit margin of our property management services.

During the Reporting Period, the gross profit margin of property management services was 20.5%, representing an increase as compared with that of 18.7% for the corresponding period in 2023, which was primarily due to our continuous project portfolio optimization and efficiency improvement.

During the Reporting Period, the gross profit margin of community value-added services was 37.1%, representing a decrease as compared to that of 43.4% for the corresponding period in 2023, which was mainly due to the decrease in the proportion of revenue from property agency services and common area value-added services which have a relatively higher gross profit margin.

During the Reporting Period, the gross profit margin of value-added services to non-property owners was 12.4%, representing an increase as compared to that of 10.3% for the corresponding period in 2023, which was mainly due to our better business operation and cost control during the Reporting Period.

During the Reporting Period, the gross profit margin of city services was 11.7%, representing an increase as compared to that of 7.8% for the corresponding period in 2023, which was mainly due to the decrease of low-margin projects during the Reporting Period.



Other income and other gains and losses

During the Reporting Period, the Group's other income and other gains and losses amounted to approximately RMB14.6 million, representing a decrease of approximately 71.1% from approximately RMB50.6 million for the corresponding period in 2023, primarily due to decrease of government grants and gain from fair value changes of investment properties during the Reporting Period.

Administrative and selling expenses

During the Reporting Period, the Group's total administrative and selling expenses amounted to approximately RMB241.3 million, representing a slight decrease of approximately 1.0% from approximately RMB243.8 million for the corresponding period in 2023.

Other expenses

During the Reporting Period, the Group recorded other expenses of approximately RMB6.0 million, representing an increase from approximately RMB4.5 million for the corresponding period in 2023.

Profit before income tax expense

During the Reporting Period, the profit before income tax expense was approximately RMB417.9 million, representing an increase of approximately 10.3%, as compared with that of approximately RMB378.7 million for the six months ended 30 June 2023.

Income tax expense

During the Reporting Period, the Group's income tax expense was approximately RMB92.5 million, representing 22.1% of the profit before income tax expense, compared with that of approximately RMB85.5 million, representing 22.6% of the profit before income tax expense for the six months ended 30 June 2023.

Profit attributable to owners of the Company

The profit attributable to owners of the Company for the Reporting Period was approximately RMB265.1 million, representing an increase of approximately 10.3%, as compared with that of approximately RMB240.4 million for the corresponding period in 2023.

Property, plant and equipment

Property, plant and equipment of the Group mainly consisted of buildings, leasehold improvements, computer equipment, transportation equipment, as well as other fixed assets. As at 30 June 2024, the Group's property, plant and equipment amounted to approximately RMB108.6 million, representing a decrease from that of approximately RMB123.4 million as at 31 December 2023.



MANAGEMENT DISCUSSION AND ANALYSIS

Investment properties

Our investment properties mainly comprised buildings, parking spaces and storage rooms at the properties we owned. As at 30 June 2024, the Group's investment properties amounted to approximately RMB562.8 million, representing an increase from approximately RMB558.5 million as at 31 December 2023, which was mainly caused by the changes in fair value.

Intangible assets

The Group's intangible assets mainly comprised property management contracts and customer relationship attributable to acquired companies, and information technology systems. As at 30 June 2024, the Group's intangible assets amounted to approximately RMB308.7 million, representing a decrease from approximately RMB318.5 million as at 31 December 2023, which was mainly caused by the amortization of intangible assets during the Reporting Period.

Goodwill

As at 30 June 2024, the Group's goodwill amounted to approximately RMB1,488.2 million, remain the same as compared with that as at 31 December 2023.

Trade and bill receivables

As at 30 June 2024, trade and bills receivables of the Group amounted to approximately RMB2,353.1 million, representing an increase from approximately RMB2,181.5 million as at 31 December 2023. Such increase was mainly due to the slow down of recovery of receivables because of the downward market situation.

Prepayments and other receivables

Our prepayments and other receivables mainly consisted of payments made on behalf of our residents such as payments for the utility bills and public facility maintenance fund, as well as security deposits with local authorities for providing property management services per local law requirements, bidding deposits in relation to the public biddings, deposits to secure the sales collection of car parks, storage units and retail shops, and prepayments to vendors. As at 30 June 2024, our prepayments and other receivables amounted to approximately RMB1,244.2 million, representing a decrease from approximately RMB1,284.3 million as at 31 December 2023, which was mainly due to the decrease of deposits for exclusive sales representative agreements.

Cash and cash equivalents

As at 30 June 2024, the Group's cash and cash equivalents were approximately RMB2,256.6 million, representing a decrease from approximately RMB2,341.5 million as at 31 December 2023.

Trade and bills payables

As at 30 June 2024, trade and bills payables of the Group amounted to approximately RMB1,275.8 million, representing an increase from approximately RMB1,150.3 million as at 31 December 2023, which was mainly a result of the expansion of our business during the Reporting Period.



Accruals and other payables

As at 30 June 2024, our accruals and other payables were approximately RMB1,201.1 million, representing a decrease from approximately RMB1,335.5 million as at 31 December 2023.

Contract liabilities

Contract liabilities of the Group were property management fees paid by customers in advance for the services which had not yet been provided and not been recognized as revenue. As at 30 June 2024, our contract liabilities amounted to approximately RMB763.3 million, representing a decrease from approximately RMB870.3 million as at 31 December 2023.

Cash flows

During the Reporting Period, net cash inflow from operating activities of the Group amounted to approximately RMB101.6 million, representing an increase from that of approximately RMB100.1 million for the corresponding period in 2023.

During the Reporting Period, net cash inflow from investing activities amounted to RMB22.4 million, representing a decrease from that of approximately RMB144.1 million for the corresponding period in 2023, which was mainly caused by the decrease in refund of prepayment for purchases of financial assets at FVTPL.

Net cash outflow from financing activities amounted to approximately RMB204.8 million for the Reporting Period, representing an increase from that of approximately RMB28.6 million for the corresponding period in 2023. The higher cash outflow from financing activities was mainly due to the increase in dividends payment during the Reporting Period.

Gearing ratio and the basis of calculation

As at 30 June 2024, the gearing ratio of the Group was 0.72% (31 December 2023: 0.86%). The gearing ratio is equal to the sum of long-term and short-term interest-bearing borrowings divided by total equity.

Capital structure

As at 30 June 2024, the Group's cash and bank balances were held in Renminbi, Hong Kong dollar and US dollar, and the Group's borrowings were denominated in Renminbi with approximately RMB6.5 million at fixed interest rate and approximately RMB31.8 million at variable interest rates.

As at 30 June 2024, equity attributable to owners of the Company amounted to approximately RMB4,974.3 million, compared to approximately RMB4,873.1 million as at 31 December 2023.

Financial position of the Group remained stable. As at 30 June 2024, the Group's net current assets was approximately RMB2,145.1 million, compared to approximately RMB1,945.8 million as at 31 December 2023.



MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

During the Reporting Period, the Group's principal use of cash was working capital, which was mainly funded from cash flow from operations and net proceeds from the 2021 Subscription (as defined below). In the foreseeable future, we expect cash flow from operations will continue to be our principal source of liquidity and we may use a portion of the proceeds from the IPO and our other fundraising activities conducted to finance some of our capital expenditures.

As at 30 June 2024, the Group's borrowings amounted to approximately RMB38.3 million (31 December 2023: RMB45.0 million). Except as disclosed herein and apart from intra-group liabilities, we did not have any outstanding loan capital, bank overdrafts and liabilities, or other similar indebtedness, debentures, mortgages, charges or loans as at 30 June 2024.

Pledging of assets

As at 30 June 2024, the Group had pledged property, plant and equipment with carrying amounts of approximately RMB21.6 million (31 December 2023: approximately RMB25.5 million) to secure the balance of borrowings of approximately RMB6.5 million.

Contingent liabilities

As at 30 June 2024, the Group had no material contingent liabilities which have not been properly accrued for. The Group is involved in certain legal claims that have arisen during our usual and ordinary cause of business. Having considered relevant legal advice and made best estimation in respect of the liability, the Group expects that the claims will not incur any material adverse effect on our business, financial condition or operating results.

Interest rate risk

As the Group has no significant interest-bearing assets and liabilities other than bank deposits and borrowings, the Group's exposure to the interest rate risk is limited to the market risk for changes in interest rates which relates primarily to bank balances that bear floating interest rates. Our management monitors the interest rate risk and take prudent measures to reduce the interest rate risk.



Foreign exchange risk

The principal activities of the Group are conducted in China, and a majority of the Group's income and expenses are denominated in Renminbi. Certain bank balances are denominated in Hong Kong dollar and US dollar. Currently, the Group has not entered into contracts to hedge its exposure to foreign exchange risk, but the management will continue to monitor the foreign exchange exposure, and take prudent measures to reduce the foreign exchange risk.

Employment and remuneration policy

The Group adopts remuneration policies similar to its peers in the industry. The remuneration payable to staff is fixed by reference to the duties and the prevailing market rates in the region. Discretionary performance bonus after assessment is paid to the employees to reward their contribution. In compliance with the applicable statutory requirements in China and existing requirements of the local government, the Group has participated in different social welfare plans for the employees.

As at 30 June 2024, the Group had 25,240 employees (31 December 2023: 24,605 employees).

Use of proceeds raised from IPO

On 17 December 2018, the Shares were successfully listed on the Stock Exchange. Our IPO was well received by investors in both the international offering and the Hong Kong public offering. The Company raised net proceeds of (i) approximately HK\$619.8 million from the IPO, and (ii) approximately HK\$63.2 million from partial exercise of the Over-allotment Option on 4 January 2019 (collectively, the "Net Proceeds").

As stated in the Prospectus, we intended to use (i) approximately 55%, or approximately HK\$375.6 million for strategic acquisition and investment opportunities; (ii) approximately 26%, or approximately HK\$177.6 million for building up a smart community and using the most updated internet and information technologies which would improve service quality for our customers; (iii) approximately 9%, or approximately HK\$61.5 million for the development of a one-stop service community platform and our "Joy Life" online service platform; and (iv) approximately 10%, or approximately HK\$68.3 million for our general corporate purposes and working capital.

Further, as stated in the announcement of the Company dated 18 June 2019, the Board resolved to change the proposed use of the Net Proceeds. The unutilised Net Proceeds originally allocated for (i) acquiring property management services providers that provide community products and services complementary to our own, and (ii) for investing in property management industry funds jointly with business parties will be used for acquiring or investment in quality property management service providers that operate on a regional scale. For further details of the change in the proposed use of the Net Proceeds, please refer to the announcement of the Company dated 18 June 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2024, our planned use and actual use of the Net Proceeds was as follows:

| | Net Proceeds | | | | | | Expected timeline for the unutilised Net Proceeds |
|---|----------------------------|----------------------------|-----------------------------------|--------------------------------------|-------------------------------|---------------------------------|---|
| | Percentage of Net Proceeds | Allocation of Net Proceeds | Unutilised (as at 1 January 2024) | Utilised during the Reporting Period | Utilised (up to 30 June 2024) | Unutilised (as at 30 June 2024) | |
| | (HK\$ million) | (HK\$ million) | (HK\$ million) | (HK\$ million) | (HK\$ million) | (HK\$ million) | |
| To pursue strategic acquisition and investment opportunities | 55% | 375.6 | — | — | 375.6 | — | N/A |
| To leverage the most updated internet and information technologies and build a smart community | 26% | 177.6 | — | — | 177.6 | — | N/A |
| To develop a one-stop service community platform and our "Joy Life" (悦生活) online service platform | 9% | 61.5 | 51.3 | 0.1 | 10.3 | 51.2 | By 31 December 2025 |
| For general corporate purposes and working capital | 10% | 68.3 | — | — | 68.3 | — | N/A |
| | <u>100%</u> | <u>683.0</u> | <u>51.3</u> | <u>0.1</u> | <u>631.8</u> | <u>51.2</u> | |

The remaining Net Proceeds which had not been utilized were deposited with licensed financial institution in Hong Kong and mainland China. The Company will continue to evaluate and adopt a prudent and flexible approach for utilising the net proceeds effectively and efficiently for the long-term benefit and development of the Group. The expected timeline for the unutilised Net Proceeds is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of the Group's business and the market conditions.

2020 Placing and 2020 Subscription

On 4 June 2020, the Company, Elite Force Development and three placing agents entered into a placing and subscription agreement (the "2020 Placing and Subscription Agreement"), pursuant to which, (a) Elite Force Development has agreed to appoint these placing agents, and these placing agents have agreed to act as agents of Elite Force Development on a several basis to procure purchasers, on a best effort basis, to purchase a total of 134,000,000 existing Shares at the placing price of HK\$11.78 per Share (the "2020 Placing Price") (the "2020 Placing"); and (b) Elite Force Development has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Elite Force Development, a total of 134,000,000 new Shares at the subscription price of HK\$11.78 per Share (being the same as the 2020 Placing Price) (the "2020 Subscription").



MANAGEMENT DISCUSSION AND ANALYSIS

The 2020 Placing Price was HK\$11.78 per Share and represented (i) a discount of approximately 6.95% to the closing price of HK\$12.66 per Share as quoted on the Stock Exchange on 3 June 2020, being the last trading day prior to the signing of the 2020 Placing and Subscription Agreement (the "2020 Last Trading Date"); (ii) a discount of approximately 3.63% to the average closing price of HK\$12.22 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the 2020 Last Trading Day; and (iii) a discount of approximately 0.61% to the average closing price of HK\$11.85 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the 2020 Last Trading Day.

Completion of the 2020 Placing and the 2020 Subscription took place on 8 June 2020 and 16 June 2020, respectively. A total of 134,000,000 existing Shares have been successfully placed at the 2020 Placing Price of HK\$11.78 per Share to no less than six (6) independent placees, and a total of 134,000,000 new Shares (equal to the number of the existing Shares successfully placed under the 2020 Placing) were subscribed by Elite Force Development at the subscription price of HK\$11.78 per Share.

The Company received net proceeds from the 2020 Subscription (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) of approximately HK\$1,564,476,000 and intended to use the net proceeds from the 2020 Subscription for possible business development or investments in the future when opportunities arise and as working capital and general corporate purposes. Details of the planned use and actual use of net proceeds from the 2020 Subscription was as follows:

| | Net proceeds from the 2020 Subscription | | | | | | Expected timeline for the unutilised net proceeds |
|--|---|----------------------------|-----------------------------------|--------------------------------------|-------------------------------|---------------------------------|---|
| | Percentage of net proceeds | Allocation of net proceeds | Unutilised (as at 1 January 2024) | Utilised during the Reporting Period | Utilised (up to 30 June 2024) | Unutilised (as at 30 June 2024) | |
| | | (HK\$ million) | (HK\$ million) | (HK\$ million) | (HK\$ million) | (HK\$ million) | |
| Strategic acquisition and investment opportunities | 80% | 1,251.6 | — | — | 1,251.6 | — | N/A |
| Information technology related development | 5% | 78.2 | 60.8 | 20.9 | 38.3 | 39.9 | By 31 December 2025 |
| Working capital and general corporate purposes | 15% | 234.7 | — | — | 234.7 | — | N/A |
| | 100% | 1,564.5 | 60.8 | 20.9 | 1,524.6 | 39.9 | |



MANAGEMENT DISCUSSION AND ANALYSIS

2021 Placing and 2021 Subscription

On 23 October 2021, the Company, Elite Force Development and two placing agents entered into a placing and subscription agreement (the “**2021 Placing and Subscription Agreement**”), pursuant to which, (a) Elite Force Development has agreed to appoint these placing agents, and these placing agents have agreed to act as agents of Elite Force Development on a several (but not joint nor joint and several) basis to procure purchasers, on a best effort basis, to purchase a total of 83,520,000 existing Shares at the placing price of HK\$15.76 per share (the “**2021 Placing Price**”) (the “**2021 Placing**”); and (b) Elite Force Development has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Elite Force Development, a total of 83,520,000 new Shares at the subscription price of HK\$15.76 per share (being the same as the 2021 Placing Price) (the “**2021 Subscription**”).

The 2021 Placing Price was HK\$15.76 per Share and represented (i) a discount of approximately 8.80% to the closing price of HK\$17.28 per Share as quoted on the Stock Exchange on 22 October 2021, being the last trading day prior to the signing of the 2021 Placing and Subscription Agreement (the “**2021 Last Trading Date**”); (ii) a discount of approximately 4.67% to the average closing price of HK\$16.53 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the 2021 Last Trading Day; and (iii) a discount of approximately 2.60% to the average closing price of HK\$16.18 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the 2021 Last Trading Day.

Completion of the 2021 Placing and the 2021 Subscription took place on 27 October 2021 and 1 November 2021, respectively. A total of 83,520,000 existing Shares have been successfully placed at the 2021 Placing Price of HK\$15.76 per Share to no less than six (6) independent placees, and a total of 83,520,000 new Shares (equal to the number of the existing Shares successfully placed under the 2021 Placing) were subscribed by Elite Force Development at the subscription price of HK\$15.76 per Share.

The Company received net proceeds from the 2021 Subscription (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) of approximately HK\$1,304,000,000 and intended to use the net proceeds from the 2021 Subscription for possible business development or investments in the future when opportunities arise and as working capital and general corporate purposes.

Further, as stated in the announcement of the Company dated 27 March 2024 (the “**27 Mar Announcement**”), the Board resolved to change the use of the net proceeds from the 2021 Subscription such that the entire amount of the unutilized net proceeds of approximately HK\$796.5 million under “strategic acquisition and investment opportunities” will be re-allocated for “working capital and general corporate purposes” due to the downturn in the real estate industry in the PRC and the shift in expansion strategy in the property management industry from expansion through merger and acquisitions to expansion through organic growth. For further details of the change in the proposed use of the net proceeds from the 2021 Subscription, please refer to the 27 Mar Announcement.



MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2024, all the remaining net proceeds have been utilised. Details of the planned use and actual use of net proceeds from the 2021 Subscription was as follows:

| | Net proceeds from the 2021 Subscription | | | | | | | Expected timeline for the unutilised net proceeds |
|---|---|----------------------------------|--|---|---|--|--|---|
| | Percentage of net proceeds | Allocation of net proceeds | Unutilised (as at 1 January 2024) | Re-allocation as per the 27 Mar Announcement | Utilised during the Reporting Period | Utilised (up to 30 June 2024) | Unutilised (as at 30 June 2024) | |
| | (HK\$ million) | (HK\$ million) | (HK\$ million) | (HK\$ million) | (HK\$ million) | (HK\$ million) | (HK\$ million) | |
| Strategic acquisition and investment opportunities | 65% | 847.6 | 796.5 | — | — | 51.1 | — | N/A |
| Working capital and general corporate purposes | 35% | 456.4 | — | 796.5 | 796.5 | 1,252.9 | — | N/A ⁽¹⁾ |
| | 100% | 1,304.0 | 796.5 | 796.5 | 796.5 | 1,304.0 | — | |

Note:

- (1) The actual timeline of utilisation was expedited as compared to the timeline set out in the 27 Mar Announcement due to our business expansion during the Reporting Period.



CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code. During the Reporting Period, the Company has applied the principles of good corporate governance and complied with the code provisions as set out in Part 2 of the CG Code. The Company will continue to review and enhance its corporate governance practices, and identify and formalize appropriate measures and policies, to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding dealings in the securities of the Company. Having made specific enquiries of all the Directors of the Company, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code during the Reporting Period.

The Board has also adopted the Model Code to regulate all dealings by relevant employees, including any employee of the Company or director or employee of a subsidiary or holding company, who, because of his office or employment in the Company or a subsidiary, are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of Part 2 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the Reporting Period after making reasonable enquiry.

INTERIM DIVIDEND AND SPECIAL DIVIDEND

The Board has resolved to pay an interim dividend of HK\$0.0839 per Share for the six months ended 30 June 2024 and a special dividend of HK\$0.0336 per Share, totalling approximately HK\$145.0 million and HK\$58.1 million respectively. The interim dividend and special dividend are expected to be paid on 24 September 2024 to the Shareholders whose names appear on the register of members of the Company after the close of business on 16 September 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 12 September 2024 to 16 September 2024, both days inclusive, during which period no transfer of the Shares will be effected, for the purpose of ascertaining Shareholders' entitlement to the interim dividend and special dividend. In order to establish entitlements to the interim dividend and special dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 11 September 2024.



INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at 30 June 2024, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were 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 he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interest in Shares or Underlying Shares of our Company

| Name of Director | Nature of Interest | Number of ordinary shares interested ⁽¹⁾ | Approximate percentage in the Company's issued share capital |
|---------------------------------------|---|---|--|
| Mr. Lin Zhong ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ | Interest in a controlled corporation, and co-founder of a discretionary trust | 681,500,000 (L) | 38.96% |
| Mr. Zhou Hongbin | Beneficial owner | 62,760,750 (L) | 3.59% |
| Mr. Zhou Di | Beneficial owner | 3,450,800 (L) | 0.20% |

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Elite Force Development is owned as to 50% by Mr. Lin Zhong, 25% by Mr. Lin Feng and 25% by Mr. Lin Wei. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei signed an acting in concert deed on 6 August 2018. Elite Force Development entrusted Spectron to exercise voting rights of shares directly held by Elite Force Development since 30 June 2020, while Elite Force Development continues to beneficially own the said shares and have rights to the dividends and distributions etc. attaching thereto. For details, please see "History, Reorganization and Corporate Structure" in the Prospectus dated 4 December 2018 and the announcements of the Company dated 29 May 2020 and 28 June 2020. By virtue of the SFO and based on the public information available, Mr. Lin Zhong is deemed to be interested in the Shares held by Elite Force Development.
- (3) Spectron is indirectly wholly owned by CIFI Holdings. Mr. Lin Zhong, Mr. Lin Feng, Mr. Lin Wei signed an acting in concert deed on 6 August 2018. For details, please see "History, Reorganization and Corporate Structure" in the Prospectus dated 4 December 2018. By virtue of the SFO, Mr. Lin Zhong is deemed to be interested in the Shares held by Spectron.
- (4) Rosy Fortune Investments Limited ("**Rosy Fortune**") is wholly owned by Gentle Beauty Assets Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust (Singapore) Limited ("**Standard Chartered Trust**") as the trustee of the Lin's Family Trust via SCTS Capital Pte. Ltd. ("**SCTS Capital**"). The Lin's Family Trust is a discretionary trust set up jointly by our Ultimate Controlling Shareholders as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Lin's Family Trust include certain family members of Mr. Lin Zhong. By virtue of the SFO, Mr. Lin Zhong is deemed to be interested in the Shares held by Rosy Fortune.
- (5) Sun-Mountain Trust is a discretionary trust set up by Mr. Lin Feng as settlor and the beneficiary objects of the Sun-Mountain Trust include certain family members of Mr. Lin Feng. By virtue of the SFO, Mr. Lin Zhong is deemed to be interested in the 500,000 Shares held by Sun-Mountain Trust.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interest in Shares or Underlying Shares of Associated Corporation

| Name of Director | Associated Corporation | Capacity/nature of interest | Number of Shares | Approximate percentage of shareholding interest |
|---------------------------------|-------------------------|--|------------------|---|
| Mr. LIN Zhong ⁽¹⁾⁽²⁾ | CIFI Holdings | Founder of a discretionary trust, co-founder of a discretionary trust, beneficial owner and interest of his spouse | 4,111,527,727 | 39.48% |
| Mr. Zhou Hongbin | CIFI Holdings | Beneficial owner | 630,000 | 0.01% |
| Mr. Zhou Di | CIFI Holdings | Beneficial owner | 80,000 | 0.001% |
| Ms. Cui Xiaoqing | CIFI Holdings | Beneficial owner | 489,216 | 0.005% |
| Mr. LIN Zhong ⁽³⁾ | Xu Sheng | Interested in a controlled corporation | 1 | 100% |
| Mr. LIN Zhong ⁽⁴⁾ | Spectron | Interested in a controlled corporation | 1 | 100% |
| Mr. LIN Zhong ⁽⁵⁾ | Elite Force Development | Beneficial owner | 100 | 100% |

Notes:

- (1) 1,363,754,301 shares of CIFI Holdings are held by Ding Chang Limited (“**Ding Chang**”). The entire issued share capital of Ding Chang is wholly owned by Eternally Success International Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Sun Success Trust via SCTS Capital. The Sun Success Trust is a discretionary trust set up by Mr. Lin Zhong as settlor and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Sun Success Trust include certain family members of Mr. Lin Zhong. Mr. Lin Zhong as founder of the Sun Success Trust is taken to be interested in the 1,363,754,301 shares of CIFI Holdings held by Ding Chang pursuant to Part XV of the SFO.
- (2) 2,737,372,105 shares of CIFI Holdings are held by Rosy Fortune. The entire issued share capital of Rosy Fortune is wholly owned by Gentle Beauty Assets Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Lin’s Family Trust via SCTS Capital. The Lin’s Family Trust is a discretionary trust set up jointly by our Ultimate Controlling Shareholders as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Lin’s Family Trust include certain family members of Mr. Lin Zhong. Mr. Lin Zhong as a co-founder of the Lin’s Family Trust is taken to be interested in the 2,737,372,105 shares of CIFI Holdings held by Rosy Fortune pursuant to Part XV of the SFO.
- (3) Xu Sheng is wholly owned by CIFI Holdings. By virtue of the SFO, Mr. Lin Zhong is deemed to be interested in the shares of Xu Sheng held by CIFI Holdings.
- (4) Spectron is wholly owned by Xu Sheng, which is a wholly-owned subsidiary of CIFI Holdings. By virtue of the SFO, Mr. Lin Zhong is deemed to be interested in the shares of Spectron held by CIFI Holdings.
- (5) The entire issued share capital of Elite Force Development is owned as to 50% by Mr. Lin Zhong, 25% by Mr. Lin Feng and 25% by Mr. Lin Wei. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei has entered into an acting in concert deed on 6 August 2018. For details, please see “History, Reorganization and Corporate Structure” in the Prospectus dated 4 December 2018. Mr. Lin Zhong is taken to be interested in the shares of Elite Force Development pursuant to Part XV of the SFO.



Interest in Debentures of Associated Corporation

| Name of Director | Associated Corporation | Capacity/nature of interest | Principal amount of relevant debentures held | Approximate percentage of aggregate principal amount of the relevant debenture issued |
|---------------------------------------|------------------------|-------------------------------------|--|---|
| Mr. LIN Zhong ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ | CIFI Holdings | Co-founder of a discretionary trust | US\$1 million | 0.18% |
| | | Co-founder of a discretionary trust | US\$1 million | 0.24% |
| | | Co-founder of a discretionary trust | US\$1 million | 0.67% |

Notes:

- (1) The 6% senior notes (securities stock code: 40120) due 2025 with the aggregate principal amount of US\$567 million were issued by CIFI Holdings in January 2020, which are listed on the Stock Exchange (the "6% Senior Notes"). For details of the 6% Senior Notes, please refer to the announcements of CIFI Holdings dated 8 January 2020 and 10 January 2020 respectively.
- (2) The 4.375% senior notes due 2027 with the aggregate principal amount of US\$419 million were issued by CIFI Holdings in January 2021, which are listed on the Stock Exchange (the "4.375% Senior Notes").
- (3) The 4.8% senior notes due 2028 with the aggregate principal amount of US\$150 million were issued by CIFI Holdings in May 2021, which are listed on the Stock Exchange (the "4.8% Senior Notes").
- (4) The principal amounts of US\$1 million of each of the 6% Senior Notes, 4.375% Senior Notes and 4.8% Senior Notes are held by Rosy Fortune. The entire issued share capital of Rosy Fortune is wholly owned by Gentle Beauty Assets Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Lin's Family Trust via SCTS Capital. The Lin's Family Trust is a discretionary trust set up jointly by our Ultimate Controlling Shareholders as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Lin's Family Trust include certain family members of Mr. Lin Zhong. Mr. Lin Zhong as a co-founder of the Lin's Family Trust is taken to be interested in the principal amount of such senior notes held by Rosy Fortune pursuant to Part XV of the SFO.

Save as disclosed above and to the best knowledge of the Directors, as at 30 June 2024, none of the Directors or the chief executive of the Company has any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were 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 he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

So far as our Directors are aware, as at 30 June 2024, the following persons (other than the Directors or chief executive) had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO:

| Name of Shareholder | Nature of Interest | Number of ordinary shares interested ⁽¹⁾ | Approximate percentage in the Company's issued share capital |
|--|---|---|--|
| Mr. LIN Wei ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ | Interest in a controlled corporation, and co-founder of a discretionary trust | 681,500,000 (L) | 38.96% |
| Mr. LIN Feng ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ | Interest in a controlled corporation, and co-founder of a discretionary trust | 681,500,000 (L) | 38.96% |
| Elite Force Development ⁽²⁾ | Beneficial owner | 273,180,000 (L) | 15.62% |
| Spectron | Beneficial owner | 406,820,000 (L) | 23.26% |
| Xu Sheng ⁽³⁾ | Interest in a controlled corporation | 406,820,000 (L) | 23.26% |
| CIFI Holdings ⁽⁴⁾ | Interest in a controlled corporation | 406,820,000 (L) | 23.26% |
| Best Legend ⁽⁶⁾ | Beneficial owner | 106,728,250 (L) | 6.10% |
| Mr. YU Chieh Jet ⁽⁶⁾ | Interest in a controlled corporation | 106,728,250 (L) | 6.10% |

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Elite Force Development is owned as to 50% by Mr. Lin Zhong, 25% by Mr. Lin Feng and 25% by Mr. Lin Wei. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei signed an acting in concert deed on 6 August 2018. Elite Force Development entrusted Spectron to exercise voting rights of shares directly held by Elite Force Development since 30 June 2020, while Elite Force Development continues to beneficially own the said shares and have rights to the dividends and distributions etc. attaching thereto. For details, please see "History, Reorganization and Corporate Structure" in the Prospectus dated 4 December 2018 and the announcements dated 29 May 2020 and 28 June 2020. By virtue of the SFO and based on the public information available, each of Mr. Lin Wei and Mr. Lin Feng is deemed to be interested in the Shares held by Elite Force Development.



CORPORATE GOVERNANCE AND OTHER INFORMATION

- (3) Spectron is wholly owned by Xu Sheng. By virtue of the SFO, Xu Sheng is deemed to be interested in Shares held by Spectron.
- (4) Xu Sheng is wholly owned by CIFI Holdings. By virtue of the SFO, CIFI Holdings is deemed to be interested in Shares held by Xu Sheng.
- (5) Rosy Fortune is wholly owned by Gentle Beauty Assets Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Lin's Family Trust via SCTS Capital. The Lin's Family Trust is a discretionary trust set up jointly by our Ultimate Controlling Shareholders as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Lin's Family Trust include certain family members of Mr. Lin Feng and Mr. Lin Wei. By virtue of the SFO, each of Mr. Lin Wei and Mr. Lin Feng is deemed to be interested in the Shares held by Rosy Fortune.
- (6) Best Legend is wholly owned by Mr. Yu Chieh Jet (an employee of the Company who is not a connected person of the Company) to administer the share award scheme adopted by Best Legend on 18 June 2019.

Save as disclosed herein, as at 30 June 2024, our Directors are not aware of any persons (other than the Directors or chief executive) who had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, Mr. Lin Zhong, being an executive Director, was a substantial shareholder of and held directorship in CIFI Holdings. In 2021, CIFI Group commenced operation of its own property management business in some projects, which was considered to be competing business for the Group. Therefore, Mr. Lin Zhong was considered to have interests in competing business for the Group which were required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules.

Save as disclosed above, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company convened and held on 20 November 2023, the Directors were granted a general mandate to exercise the power of the Company to buy back up to 174,922,000 Shares, representing 10% of the total number of Shares in issue as at 20 November 2023 (the "2023 Buy-back Mandate"). Pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company convened and held on 6 June 2024, the Directors were granted a general mandate to exercise the power of the Company to buy back up to 174,922,000 Shares, representing 10% of the total number of Shares in issue as at 6 June 2024 (the "2024 Buy-back Mandate"). During the six months ended 30 June 2024, pursuant to the 2023 Buy-back Mandate and the 2024 Buy-back Mandate, the Company bought back an aggregate of 15,024,000 Shares on the Stock Exchange at a total consideration of approximately HK\$22,172,950, exclusive of commissions and other expenses.

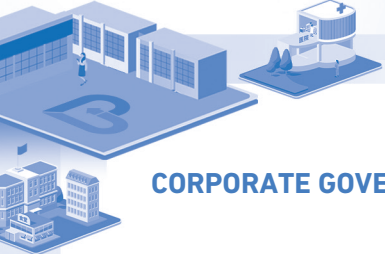
Details of the Share buy-backs during the Reporting Period were as follows:

| Date of buy-back | Number of Shares bought back | Consideration per Share | | Total consideration paid for the buy-back |
|------------------|------------------------------|-------------------------|-------------------|---|
| | | Highest price paid | Lowest price paid | HK\$ |
| | | HK\$ | HK\$ | HK\$ |
| 2 January 2024 | 300,000 | 1.40 | 1.40 | 420,000 |
| 3 January 2024 | 300,000 | 1.40 | 1.40 | 420,000 |
| 4 January 2024 | 300,000 | 1.33 | 1.33 | 399,000 |
| 5 January 2024 | 300,000 | 1.32 | 1.32 | 396,000 |
| 8 January 2024 | 300,000 | 1.25 | 1.25 | 375,000 |
| 9 January 2024 | 300,000 | 1.26 | 1.26 | 378,000 |
| 10 January 2024 | 300,000 | 1.23 | 1.23 | 369,000 |
| 11 January 2024 | 300,000 | 1.27 | 1.26 | 380,180 |
| 12 January 2024 | 300,000 | 1.26 | 1.26 | 378,000 |
| 15 January 2024 | 48,000 | 1.24 | 1.24 | 59,520 |
| 16 January 2024 | 300,000 | 1.24 | 1.24 | 372,000 |
| 17 January 2024 | 300,000 | 1.17 | 1.17 | 351,000 |
| 18 January 2024 | 300,000 | 1.09 | 1.09 | 327,000 |
| 19 January 2024 | 300,000 | 1.10 | 1.10 | 330,000 |
| 22 January 2024 | 300,000 | 1.07 | 1.07 | 321,000 |
| 23 January 2024 | 300,000 | 1.11 | 1.10 | 331,600 |
| 28 March 2024 | 300,000 | 1.29 | 1.28 | 386,260 |
| 8 April 2024 | 300,000 | 1.37 | 1.37 | 411,000 |
| 9 April 2024 | 300,000 | 1.36 | 1.35 | 406,680 |
| 10 April 2024 | 300,000 | 1.43 | 1.42 | 428,280 |



CORPORATE GOVERNANCE AND OTHER INFORMATION

| Date of buy-back | Number of Shares bought back | Consideration per Share | | Total consideration paid for the buy-back |
|------------------|------------------------------|-------------------------|-------------------|---|
| | | Highest price paid | Lowest price paid | HK\$ |
| | | HK\$ | HK\$ | HK\$ |
| 11 April 2024 | 300,000 | 1.42 | 1.42 | 426,000 |
| 12 April 2024 | 300,000 | 1.36 | 1.36 | 408,000 |
| 15 April 2024 | 300,000 | 1.34 | 1.34 | 402,000 |
| 16 April 2024 | 300,000 | 1.35 | 1.32 | 402,880 |
| 17 April 2024 | 300,000 | 1.33 | 1.33 | 399,000 |
| 18 April 2024 | 300,000 | 1.32 | 1.32 | 396,000 |
| 19 April 2024 | 300,000 | 1.28 | 1.28 | 384,000 |
| 22 April 2024 | 300,000 | 1.32 | 1.32 | 396,000 |
| 23 April 2024 | 300,000 | 1.39 | 1.37 | 414,510 |
| 6 May 2024 | 300,000 | 1.84 | 1.82 | 549,800 |
| 7 May 2024 | 300,000 | 1.86 | 1.85 | 557,920 |
| 8 May 2024 | 300,000 | 1.79 | 1.79 | 537,000 |
| 30 May 2024 | 300,000 | 1.74 | 1.74 | 522,000 |
| 31 May 2024 | 300,000 | 1.77 | 1.77 | 531,000 |
| 3 June 2024 | 300,000 | 1.73 | 1.73 | 519,000 |
| 4 June 2024 | 300,000 | 1.76 | 1.76 | 528,000 |
| 5 June 2024 | 300,000 | 1.78 | 1.78 | 534,000 |
| 6 June 2024 | 300,000 | 1.80 | 1.78 | 537,900 |
| 7 June 2024 | 102,000 | 1.82 | 1.81 | 185,540 |
| 11 June 2024 | 300,000 | 1.73 | 1.70 | 514,400 |
| 12 June 2024 | 300,000 | 1.77 | 1.75 | 528,400 |
| 13 June 2024 | 300,000 | 1.74 | 1.68 | 511,860 |
| 14 June 2024 | 300,000 | 1.77 | 1.76 | 530,840 |
| 17 June 2024 | 300,000 | 1.74 | 1.68 | 509,900 |
| 18 June 2024 | 300,000 | 1.67 | 1.66 | 500,700 |
| 19 June 2024 | 300,000 | 1.67 | 1.63 | 498,140 |
| 20 June 2024 | 300,000 | 1.67 | 1.60 | 490,200 |
| 21 June 2024 | 300,000 | 1.62 | 1.59 | 482,600 |
| 24 June 2024 | 300,000 | 1.59 | 1.54 | 469,560 |
| 25 June 2024 | 300,000 | 1.65 | 1.59 | 486,800 |
| 26 June 2024 | 174,000 | 1.69 | 1.65 | 293,780 |
| 27 June 2024 | 300,000 | 1.63 | 1.60 | 485,700 |
| Total | 15,024,000 | | | 22,172,950 |



CORPORATE GOVERNANCE AND OTHER INFORMATION

The Shares bought back by the Company during the six months ended 30 June 2024 were not cancelled as at 30 June 2024 but have all been cancelled on 19 July 2024.

The Board believed that the Shares were trading at a price level which does not fully reflect the underlying value of the Company. As such, depending on the market conditions and the Company's actual needs at the relevant time, the Board made such repurchases. The Board also believed that the repurchase of Shares would demonstrate the Company's confidence in its long-term business prospects, which would in turn benefit the Company and will also be in the interest of the Company and the Shareholders as a whole.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including sale of treasury shares) of the Company during the six months ended 30 June 2024. As at 30 June 2024, the Company did not hold any treasury shares.

SIGNIFICANT INVESTMENTS HELD

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

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisition and disposal of subsidiaries, associates or joint ventures during the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2024, the Group did not have any immediate plans for material investments and capital assets.

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors, namely Mr. Ma Yongyi, Mr. Yu Tiecheng and Mr. Cheung Wai Chung. Mr. Cheung Wai Chung, who holds the appropriate professional qualifications as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules, serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee include examining independently the financial positions of the Company, overseeing the Company's financial reporting system, risk management and internal control system, the audit process and proposals of internal management, communicating independently with, monitoring and verifying the work of internal audit and external auditors.

The Audit Committee has in conjunction with management reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim report for the six months ended 30 June 2024. In addition, the Company's auditor Prism Hong Kong Limited (formerly known as Prism Hong Kong and Shanghai Limited) has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during the six months ended 30 June 2024.



CORPORATE GOVERNANCE AND OTHER INFORMATION

CHANGE OF COMPANY NAME

References are made to the announcements of the Company dated 22 December 2023 and 15 April 2024, and the circular of the Company dated 31 January 2024. Following the passing of a special resolution at the extraordinary general meeting of the Company convened and held on 28 February 2024, the English name of the Company has been changed from "CIFI Ever Sunshine Services Group Limited" to "Ever Sunshine Services Group Limited" and the dual foreign name of the Company in Chinese has been changed from "旭輝永升服務集團有限公司" to "永升服務集團有限公司". The stock short names of the Company for trading in the Shares on the Stock Exchange has been changed from "CIFI ES SERVICE" to "ES SERVICES" in English and from "旭輝永升服務" to "永升服務" in Chinese, and the website of the Company has been changed from "www.cifis.com" to "www.ysservice.com.cn", both with effect from 18 April 2024.

CHANGE IN CONSTITUTIONAL DOCUMENTS

Pursuant to a special resolution passed by the Shareholders at the annual general meeting of the Company convened and held on 6 June 2024, the Memorandum and the Articles were amended and restated with effect from 6 June 2024. For details of the amendments to the Memorandum and Articles and the adoption of the amended and restated Memorandum and Articles, please refer to the circular of the Company dated 26 April 2024 and the poll results announcement of the Company dated 6 June 2024.

An up-to-date copy of each of the Memorandum and Articles is available on the websites of the Company and the Stock Exchange.

INFORMATION REQUIRED TO BE DISCLOSED PURSUANT TO RULE 13.51B OF THE LISTING RULES

As at the date of this interim report, the Directors confirmed that no information was required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

OTHER CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

No material event has taken place subsequent to 30 June 2024 and up to the date of this interim report that may have a material impact on the Group's operating and financial performance that needs to be disclosed.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, the Company has maintained the public float as required under the Listing Rules throughout the period from 1 January 2024 to 30 June 2024, and up to the date of this interim report.

By order of the Board

LIN Zhong

Chairman

Hong Kong, 29 August 2024



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF
EVER SUNSHINE SERVICES GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Ever Sunshine Services Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 47 to 72, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statement. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

Prism Hong Kong Limited
Certified Public Accountants

Lee Kwok Lun
Practising Certificate Number: P06294

Hong Kong
29 August 2024



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

| | Notes | Six months ended 30 June | |
|--|-------|--------------------------|------------------------|
| | | 2024 | 2023 |
| | | RMB'000 (Unaudited) | RMB'000 (Unaudited) |
| Revenue | 3 | 3,371,025 | 3,183,694 |
| Cost of services | | (2,654,268) | (2,540,441) |
| Gross profit | | 716,757 | 643,253 |
| Other income and other gains and losses | 4 | 14,637 | 50,582 |
| Administrative expenses | | (193,791) | (197,510) |
| Selling expenses | | (47,477) | (46,332) |
| Expected credit loss on financial assets, net | 14 | (64,610) | (63,327) |
| Finance costs | | (1,612) | (3,440) |
| Other expenses | | (6,017) | (4,482) |
| Profit before taxation | 5 | 417,887 | 378,744 |
| Income tax expense | 6 | (92,528) | (85,514) |
| Profit and total comprehensive income for the period | | 325,359 | 293,230 |
| Profit and total comprehensive income for the period attributable to: | | | |
| Owners of the Company | | 265,053 | 240,435 |
| Non-controlling interests | | 60,306 | 52,795 |
| | | 325,359 | 293,230 |
| Earnings per share (RMB) | | | |
| Basic and diluted earnings per share | 8 | 0.15 | 0.14 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

| | Notes | 30 June 2024 | 31 December 2023 |
|---|-------|------------------------|----------------------|
| | | RMB'000 (Unaudited) | RMB'000 (Audited) |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 108,632 | 123,417 |
| Investment in an associate | | 980 | — |
| Investment properties | 10 | 562,780 | 558,480 |
| Intangible assets | | 308,658 | 318,494 |
| Goodwill | | 1,488,171 | 1,488,171 |
| Deferred tax assets | 17 | 101,625 | 83,323 |
| Prepayments and other receivables | 13 | 360,589 | 399,230 |
| Financial assets at fair value through profit or loss ("FVTPL") | 11 | 314,018 | 362,663 |
| Deferred contract costs | | 39,224 | 38,009 |
| | | <u>3,284,677</u> | <u>3,371,787</u> |
| Current assets | | | |
| Inventories | | 3,271 | 3,191 |
| Deferred contract costs | | 6,597 | 3,661 |
| Trade and bills receivables | 12 | 2,353,122 | 2,181,546 |
| Prepayments and other receivables | 13 | 883,640 | 885,119 |
| Financial assets at FVTPL | 11 | 4,665 | 4,264 |
| Restricted cash | | 36,535 | 38,165 |
| Cash and cash equivalents | | 2,256,561 | 2,341,510 |
| | | <u>5,544,391</u> | <u>5,457,456</u> |
| Current liabilities | | | |
| Trade and bills payables | 15 | 1,275,825 | 1,150,291 |
| Accruals and other payables | 16 | 1,201,143 | 1,335,495 |
| Borrowings | | 37,275 | 40,769 |
| Contract liabilities | | 763,303 | 870,338 |
| Lease liabilities | | 10,174 | 10,848 |
| Provision for taxation | | 111,533 | 103,965 |
| | | <u>3,399,253</u> | <u>3,511,706</u> |
| Net current assets | | <u>2,145,138</u> | <u>1,945,750</u> |
| Total assets less current liabilities | | <u>5,429,815</u> | <u>5,317,537</u> |



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

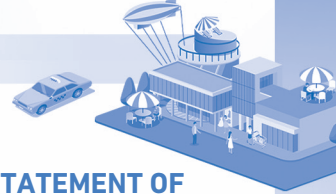
AT 30 JUNE 2024

| | Notes | 30 June 2024 | 31 December 2023 |
|---|-------|-------------------------|-------------------------|
| | | RMB'000 (Unaudited) | RMB'000 (Audited) |
| Non-current liabilities | | | |
| Borrowings | | 984 | 4,182 |
| Lease liabilities | | 3,754 | 7,948 |
| Other long-term payables | 16 | — | 9,322 |
| Deferred tax liabilities | 17 | 78,629 | 82,451 |
| | | <u>83,367</u> | <u>103,903</u> |
| Net assets | | <u><u>5,346,448</u></u> | <u><u>5,213,634</u></u> |
| Capital and reserves | | | |
| Share capital | 18 | 15,480 | 15,480 |
| Reserves | | <u>4,958,838</u> | <u>4,857,586</u> |
| Equity attributable to owners of the Company | | <u>4,974,318</u> | <u>4,873,066</u> |
| Non-controlling interests | | <u>372,130</u> | <u>340,568</u> |
| Total equity | | <u><u>5,346,448</u></u> | <u><u>5,213,634</u></u> |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

| | Reserves | | | | | | | Equity attributable to owners of the Company | Non-controlling interests | Total Equity |
|--|--------------------|-----------------|---------------------|-----------------|---------------------|---------------------|-------------------|--|---------------------------|------------------|
| | Share capital | Treasury shares | Share premium | Capital reserve | Other reserve | Statutory reserve | Retained earnings | | | |
| | RMB'000 Note 18 | RMB'000 | RMB'000 note (a) | RMB'000 | RMB'000 note (b) | RMB'000 note (c) | RMB'000 | | | |
| At 31 December 2022 and 1 January 2023 (Audited) | 15,480 | — | 2,798,236 | 26,799 | (137,802) | 177,552 | 1,715,682 | 4,595,947 | 236,707 | 4,832,654 |
| Profit and total comprehensive income for the period | — | — | — | — | — | — | 240,435 | 240,435 | 52,795 | 293,230 |
| Transfer to statutory reserve | — | — | — | — | — | 28,987 | (28,987) | — | — | — |
| Capital contribution from non-controlling shareholders | — | — | — | — | — | — | — | — | 730 | 730 |
| Dividend paid to non-controlling shareholders | — | — | — | — | — | — | — | — | (13,028) | (13,028) |
| Acquisition of a subsidiary (Note 19) | — | — | — | — | — | — | — | — | 2,734 | 2,734 |
| At 30 June 2023 (Unaudited) | <u>15,480</u> | <u>—</u> | <u>2,798,236</u> | <u>26,799</u> | <u>(137,802)</u> | <u>206,539</u> | <u>1,927,130</u> | <u>4,836,382</u> | <u>279,938</u> | <u>5,116,320</u> |
| At 31 December 2023 and 1 January 2024 (Audited) | 15,480 | (6,143) | 2,647,026 | 26,799 | (137,802) | 237,819 | 2,089,887 | 4,873,066 | 340,568 | 5,213,634 |
| Profit and total comprehensive income for the period | — | — | — | — | — | — | 265,053 | 265,053 | 60,306 | 325,359 |
| Transfer to statutory reserve | — | — | — | — | — | 28,818 | (28,818) | — | — | — |
| Repurchase of shares (Note d) | — | (20,180) | — | — | — | — | — | (20,180) | — | (20,180) |
| Capital contribution from non-controlling shareholders | — | — | — | — | — | — | — | — | 1,000 | 1,000 |
| Dividends recognised as distribution (Note 7) | — | — | (143,621) | — | — | — | — | (143,621) | — | (143,621) |
| Dividends recognised as distribution to non-controlling shareholders | — | — | — | — | — | — | — | — | (27,536) | (27,536) |
| Disposal of a subsidiary (Note 20) | — | — | — | — | — | — | — | — | (2,208) | (2,208) |
| At 30 June 2024 (Unaudited) | <u>15,480</u> | <u>(26,323)</u> | <u>2,503,405</u> | <u>26,799</u> | <u>(137,802)</u> | <u>266,637</u> | <u>2,326,122</u> | <u>4,974,318</u> | <u>372,130</u> | <u>5,346,448</u> |



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

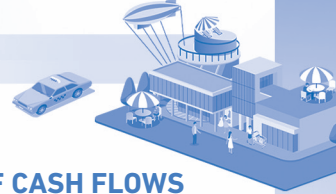
Notes:

- (a) Share premium account of the Company represents the excess of the proceeds received over the nominal value of the Company's share issued.
- (b) Other reserve represents (i) the difference between the nominal amount of the share capital of Shanghai Yongsheng Property Management Co. Ltd. and nominal amount of the share capital issued by the Company pursuant to a group reorganisation completed on 6 July 2018; and (ii) the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received from changes in the Group's ownership interests in subsidiaries that do not result in change in control over those subsidiaries.
- (c) Statutory reserve represents the amount transferred from net profit for the year of the subsidiaries established in the People's Republic of China (the "PRC") (based on the subsidiaries PRC statutory financial statements) in accordance with the relevant PRC laws until the statutory reserve reaches 50% of the registered capital of the subsidiaries. The statutory reserve cannot be reduced except either in setting off the accumulated losses or increasing capital.
- (d) During the six months ended 30 June 2024, the Company had repurchased 15,024,000 its own ordinary shares with an aggregate consideration of RMB20,180,000 (No repurchase of share during the six months ended 30 June 2023).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

| | Six months ended 30 June | |
|--|--------------------------|------------------------|
| | 2024 | 2023 |
| | RMB'000 (Unaudited) | RMB'000 (Unaudited) |
| Cash flows from operating activities | | |
| Profit before taxation | 417,887 | 378,744 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 26,061 | 15,092 |
| Amortisation of intangible asset | 23,084 | 26,519 |
| Expected credit loss of trade and bills receivables | 67,977 | 64,153 |
| Reversal of expected credit loss of deposits and other receivables | (3,367) | (826) |
| Bank interest income | (9,687) | (4,244) |
| Dividend income from financial assets at FVTPL | (4,266) | (5,597) |
| Loss on disposal of financial assets at FVTPL | 3,112 | — |
| Interest on other payable | 398 | 931 |
| Interest on borrowings | 886 | 2,032 |
| Interest on lease liabilities | 328 | 477 |
| Gain from fair value changes of investment properties | (4,300) | (17,620) |
| (Gain) loss on disposal of property, plant and equipment | (12) | 70 |
| Loss on disposal of a subsidiary | 348 | — |
| Gain on disposal of investment properties | — | (19) |
| Loss from fair value changes of financial assets at FVTPL | 11,595 | 33,711 |
| Exchange loss (gain), net | 4,110 | (157) |
| Operating profit before working capital changes | 534,154 | 493,266 |
| Increase in inventories | (80) | (918) |
| (Increase) decrease in deferred contract costs | (4,149) | 2,292 |
| Increase in trade and bills receivables | (247,800) | (474,394) |
| Decrease in prepayments and other receivables | 42,047 | 6,919 |
| Decrease in restricted cash | 1,630 | 12,929 |
| Increase in trade and bills payables | 131,298 | 127,951 |
| Decrease in accruals and other payables | (146,802) | (126,176) |
| (Decrease) increase in contract liabilities | (106,884) | 173,931 |
| Cash generated from operations | 203,414 | 215,800 |
| Income tax paid | (101,820) | (115,718) |
| <i>Net cash generated from operating activities</i> | <u>101,594</u> | <u>100,082</u> |



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

| | Six months ended 30 June | |
|--|--------------------------|------------------------|
| | 2024 | 2023 |
| | RMB'000 (Unaudited) | RMB'000 (Unaudited) |
| Cash flows from investing activities | | |
| Purchases of intangible assets | (13,247) | (3,777) |
| Purchases of property, plant and equipment | (9,996) | (17,633) |
| Disposal of a subsidiary, net of cash paid | (917) | — |
| Acquisition of subsidiaries, net of cash acquired | — | (55,729) |
| Investment in an associate | (980) | — |
| Refund of deposit paid for potential acquisition of subsidiaries | — | 58,124 |
| Refund of prepayment of purchases of financial assets at FVTPL | — | 122,470 |
| Proceed from disposal of property, plant and equipment | 18 | 2,427 |
| Proceed from disposal of investment properties | — | 5,617 |
| Bank interest income received | 9,687 | 4,244 |
| Dividend income from financial assets at FVTPL | 4,266 | 5,597 |
| Purchase of financial assets at FVTPL | (70,000) | — |
| Proceed from disposal of financial assets at FVTPL | 103,537 | 22,773 |
| <i>Net cash generated from investing activities</i> | <u>22,368</u> | <u>144,113</u> |
| Cash flows from financing activities | | |
| Capital contribution from non-controlling shareholders | 1,000 | 730 |
| Repayment of borrowings | (21,691) | (41,841) |
| Payments on repurchase of shares | (20,180) | — |
| New borrowings raised | 15,000 | 35,454 |
| Interest on borrowings paid | (886) | (2,032) |
| Interest on lease liabilities paid | (328) | (477) |
| Payment of lease liabilities | (7,151) | (7,427) |
| Dividends paid | (143,621) | — |
| Dividend paid to non-controlling shareholders | (26,944) | (13,028) |
| <i>Net cash used in financing activities</i> | <u>(204,801)</u> | <u>(28,621)</u> |
| Net (decrease) increase in cash and cash equivalents | (80,839) | 215,574 |
| Effect of exchange rate changes on cash and cash equivalents | (4,110) | 157 |
| Cash and cash equivalents at beginning of the period | <u>2,341,510</u> | <u>1,534,374</u> |
| Cash and cash equivalents at end of the period | <u>2,256,561</u> | <u>1,750,105</u> |



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements should be read in conjunction with the 2023 annual financial statements. The accounting policies and methods of computation used in the preparation of those condensed consolidated financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2023.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

| | |
|----------------------------------|---|
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements |
| Amendments to HKFRS 16 | Lease liability in Sale and leaseback |
| Amendments to HKAS 1 | Classification of Liabilities as Current or non-Current and related amendments to Hong Kong Interpretation 5 (2020) |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants |

The application of these amendments to HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

3. REVENUE AND SEGMENT INFORMATION

Revenue represents income from property management services, community value-added services, value-added services to non-property owners and city services. Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The principal operating entities of the Group are domiciled in the PRC. Accordingly, the Group's revenue was derived in the PRC for the six months ended 30 June 2024 and 2023.

An analysis of the Group's revenue by category was as follows:

| | Six months ended 30 June | |
|---|--------------------------|------------------------|
| | 2024 | 2023 |
| | RMB'000 (Unaudited) | RMB'000 (Unaudited) |
| Revenue from contracts with customers: | | |
| – Property management services | 2,462,483 | 2,190,093 |
| – Community value-added services | 399,398 | 410,021 |
| – Value-added services to non-property owners | 356,613 | 371,694 |
| – City services | 149,021 | 208,543 |
| | <u>3,367,515</u> | <u>3,180,351</u> |
| Others | 3,510 | 3,343 |
| Total | <u>3,371,025</u> | <u>3,183,694</u> |
| Timing of revenue recognition | | |
| A point in time | 156,326 | 110,541 |
| Over time | 3,211,189 | 3,069,810 |
| | <u>3,367,515</u> | <u>3,180,351</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4. OTHER INCOME AND OTHER GAINS AND LOSSES

| | Six months ended 30 June | |
|---|--------------------------|------------------------|
| | 2024 | 2023 |
| | RMB'000 (Unaudited) | RMB'000 (Unaudited) |
| Other income | | |
| – Bank interest income | 9,687 | 4,244 |
| – Government grants (note) | 13,233 | 29,208 |
| | <u>22,920</u> | <u>33,452</u> |
| Other gains and losses, net | | |
| – Net foreign exchange (loss) gain | (4,110) | 157 |
| – Gain (loss) on disposal of property, plant and equipment | 12 | (70) |
| – Gain on disposal of investment properties | — | 19 |
| – Loss on disposal of financial assets at FVTPL | (3,112) | — |
| – Loss on disposal of a subsidiary | (348) | — |
| – Gain from fair value changes of investment properties | 4,300 | 17,620 |
| – Loss from fair value changes of financial assets at FVTPL | (11,595) | (33,711) |
| – Income from overdue fine | 564 | 25,959 |
| – Dividend income from financial assets at FVTPL | 4,266 | 5,597 |
| – Others | 1,740 | 1,559 |
| | <u>(8,283)</u> | <u>17,130</u> |
| | <u>14,637</u> | <u>50,582</u> |

Note: Government grants represented unconditional cash payments granted by government authorities.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging the following:

| | Six months ended 30 June | |
|--|--------------------------|------------------------|
| | 2024 | 2023 |
| | RMB'000 (Unaudited) | RMB'000 (Unaudited) |
| Depreciation of property, plant and equipment | 26,061 | 15,092 |
| Amortisation of intangible assets | 23,084 | 26,519 |
| Expense relating to short-term leases | | |
| Rented premises | 3,495 | 6,332 |
| Expense relating to leases of low-value assets | | |
| Plant and machinery | 703 | 526 |
| Staff costs (including directors' emoluments) | | |
| Salaries, wages and other benefits | 1,065,460 | 958,024 |
| Bonus | 78,301 | 84,389 |
| Retirement scheme contribution | 158,210 | 160,010 |
| | <u>1,329,814</u> | <u>1,294,760</u> |

6. INCOME TAX EXPENSE

| | Six months ended 30 June | |
|--|--------------------------|------------------------|
| | 2024 | 2023 |
| | RMB'000 (Unaudited) | RMB'000 (Unaudited) |
| PRC Enterprise Income Tax: | | |
| Current tax | 114,070 | 106,752 |
| Under-provision in respect of prior period | 582 | 435 |
| | <u>114,652</u> | <u>107,187</u> |
| Deferred taxation: | | |
| Credited to profit or loss for the period | (22,124) | (21,673) |
| | <u>92,528</u> | <u>85,514</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

7. DIVIDENDS

During the current interim period, a final dividend of HK\$0.0914 per share in respect of the year ended 31 December 2023 (six months ended 30 June 2023: Nil) was declared and paid to owners of the Company. The aggregate amount of the final dividend declared and paid in the interim period amounted to approximately HK\$158,361,000 (six months ended 30 June 2023: Nil).

Subsequent to the end of the current interim period, the board of the Company have determined that an interim dividend of HK\$0.0839 per share in respect of the six months ended 30 June 2024 and special dividend of HK\$0.0336 per share (six months ended 30 June 2023: interim dividend of HK\$0.045 per share).

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity owners of the Company is based on:

| | Six months ended 30 June | |
|---|--------------------------|------------------------|
| | 2024 | 2023 |
| | RMB'000 (Unaudited) | RMB'000 (Unaudited) |
| Earnings | | |
| Profit attributable to the equity owners of the Company | <u>265,053</u> | <u>240,435</u> |
| | '000 (Unaudited) | '000 (Unaudited) |
| Number of shares | | |
| Weighted average number of ordinary shares in issue | <u>1,737,452</u> | <u>1,749,220</u> |

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group paid RMB9,996,000 (six months ended 30 June 2023: RMB17,633,000) for acquisition of property, plant and equipment and disposed of certain plant and machinery with an aggregate carrying amount of RMB470,000 (six months ended 30 June 2023: nil) resulting in a gain on disposal of RMB12,000 (six months ended 30 June 2023: loss on disposal of RMB70,000).

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 13 months to 36 months (six months ended 30 June 2023: from 24 months to 36 months). On lease commencement, the Group recognised right-of-use assets of RMB1,750,000 (six months ended 30 June 2023: RMB1,374,000) and lease liabilities of RMB1,750,000 (six months ended 30 June 2023: RMB1,374,000).

At 30 June 2024, the Group has pledged owned properties and equipment with carrying amounts of RMB21,596,000 (31 December 2023: RMB25,500,000) to secure borrowings granted to the Group.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

10. INVESTMENT PROPERTIES

| | 30 June 2024 | 31 December 2023 |
|-------------------------|------------------------|----------------------|
| | RMB'000 (Unaudited) | RMB'000 (Audited) |
| At 1 January | 558,480 | 556,684 |
| Additions | — | 307 |
| Disposals | — | (5,758) |
| Changes in fair value | 4,300 | 7,247 |
| As at period/year ended | <u>562,780</u> | <u>558,480</u> |

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

| | 30 June 2024 | 31 December 2023 |
|---|------------------------|----------------------|
| | RMB'000 (Unaudited) | RMB'000 (Audited) |
| Listed securities held for trading: | | |
| – Equity securities listed in Hong Kong | 4,665 | 4,264 |
| Unlisted equity funds (note) | 314,018 | 362,663 |
| | 318,683 | 366,927 |
| Less: Financial assets at FVTPL presented as non-current assets | (314,018) | (362,663) |
| Financial assets at FVTPL presented as current assets | <u>4,665</u> | <u>4,264</u> |

Note: The Group invested in several close-ended funds. Unlisted equity funds are classified as non-current assets as the management does not expect to dispose of these financial assets within twelve months from the reporting period.

The fair value of these funds was determined based on net asset value of unlisted equity funds, further details were disclosed in Note 22.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

12. TRADE AND BILLS RECEIVABLES

| | 30 June 2024 | 31 December 2023 |
|-----------------------------------|------------------------|----------------------|
| | RMB'000 (Unaudited) | RMB'000 (Audited) |
| Trade receivables | | |
| – Related parties | 893,283 | 913,198 |
| – Third parties | 1,793,437 | 1,535,600 |
| | 2,686,720 | 2,448,798 |
| Bills receivables | 3,658 | 2,027 |
| | 2,690,378 | 2,450,825 |
| Less: allowance for credit losses | (337,256) | (269,279) |
| | <u>2,353,122</u> | <u>2,181,546</u> |

The ageing analysis of the trade and bills receivables net of loss allowance and presented based on invoice date is as follows:

| | 30 June 2024 | 31 December 2023 |
|---------------|------------------------|----------------------|
| | RMB'000 (Unaudited) | RMB'000 (Audited) |
| Within 1 year | 1,630,808 | 1,740,692 |
| 1 to 2 years | 450,063 | 299,836 |
| 2 to 3 years | 178,762 | 85,519 |
| 3 to 4 years | 70,942 | 41,429 |
| 4 to 5 years | 22,547 | 14,070 |
| | <u>2,353,122</u> | <u>2,181,546</u> |



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

13. PREPAYMENTS AND OTHER RECEIVABLES

| | 30 June 2024 | 31 December 2023 |
|---|------------------------|-----------------------|
| | RMB'000 (Unaudited) | RMB'000 (Audited) |
| Deposits for exclusive sales representative agreements (note) | | |
| – Related parties | 764,362 | 818,115 |
| – Third parties | 91,065 | 93,219 |
| Other deposits and other receivables | | |
| – Related parties | 7,289 | — |
| – Third parties | 290,125 | 304,656 |
| | <u>1,152,841</u> | <u>1,215,990</u> |
| Less: allowance for credit losses of deposits and other receivables | <u>(57,632)</u> | <u>(60,999)</u> |
| | <u>1,095,209</u> | <u>1,154,991</u> |
| Prepayments | <u>149,020</u> | <u>129,358</u> |
| | <u>1,244,229</u> | <u>1,284,349</u> |
| Less: Prepayments of property, plant and equipment | <u>(960)</u> | <u>(378)</u> |
| Deposits for exclusive sales representative agreements | <u>(359,629)</u> | <u>(398,852)</u> |
| | <u>(360,589)</u> | <u>(399,230)</u> |
| Prepayments and other receivables presented as current assets | <u><u>883,640</u></u> | <u><u>885,119</u></u> |

Note: Deposits for exclusive sales representative agreements represent refundable deposits to secure the sales collection of car parks, storage units and retail shops from the buyers. The deposits will be refunded when the car parks, storage units and retail shops are sold out.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

14. EXPECTED CREDIT LOSS ON FINANCIAL ASSETS, NET

| | Six months ended 30 June | |
|--|--------------------------|------------------------|
| | 2024 | 2023 |
| | RMB'000 (Unaudited) | RMB'000 (Unaudited) |
| Expected credit loss recognised (reversal) in respect of | | |
| – Trade and bills receivables | 67,977 | 64,153 |
| – Prepayments and other receivable | (3,367) | (826) |
| | <u>64,610</u> | <u>63,327</u> |

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

15. TRADE AND BILLS PAYABLES

| | 30 June 2024 | 31 December 2023 |
|-------------------|------------------------|----------------------|
| | RMB'000 (Unaudited) | RMB'000 (Audited) |
| Trade payables | | |
| – Related parties | 44,110 | 49,254 |
| – Third parties | 1,208,912 | 1,084,455 |
| | <u>1,253,022</u> | <u>1,133,709</u> |
| Bills payables | 22,803 | 16,582 |
| | <u>1,275,825</u> | <u>1,150,291</u> |

The ageing analysis of trade and bills payables base on invoice date, is as follows:

| | 30 June 2024 | 31 December 2023 |
|---------------|------------------------|----------------------|
| | RMB'000 (Unaudited) | RMB'000 (Audited) |
| Within 1 year | 985,013 | 868,873 |
| 1 to 2 years | 182,929 | 209,118 |
| 2 to 3 years | 80,386 | 50,141 |
| 3 to 4 years | 24,398 | 21,519 |
| 4 to 5 years | 3,099 | 640 |
| | <u>1,275,825</u> | <u>1,150,291</u> |



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

16. ACCRUALS AND OTHER PAYABLES

| | 30 June 2024 | 31 December 2023 |
|---|------------------------|----------------------|
| | RMB'000 (Unaudited) | RMB'000 (Audited) |
| Accruals and other payables | | |
| – Related parties (note a) | 138,514 | 138,062 |
| – Third parties | 616,453 | 751,229 |
| | <u>754,967</u> | <u>889,291</u> |
| Amount due to a director (note a) | 83 | 84 |
| Provision for legal dispute (note b) | 1,744 | 1,366 |
| Dividends payable to non-controlling shareholders of subsidiaries | 12,108 | — |
| Consideration payables for acquisition of subsidiaries (note c) | 16,546 | 16,269 |
| Salaries payables | 269,654 | 296,829 |
| Other tax payables | 146,041 | 140,978 |
| | <u>1,201,143</u> | <u>1,344,817</u> |
| Less: Amount shown under non-current liabilities | — | (9,322) |
| Accruals and other payables presented as current liabilities | <u>1,201,143</u> | <u>1,335,495</u> |

Notes:

- (a) The balance is unsecured, interest-free and repayable on demand.
- (b) The Group is currently involved in a number of legal disputes. The amount provided represents the directors' best estimate of the Group's liability having taken legal advice. Uncertainties relate to whether claims will be settled out of court or if not whether the Group is successful in defending any action.
- (c) The amount represents the consideration payables for acquisition of subsidiaries. No amount was due 12 months after the reporting period and therefore presented as non-current liabilities (31 December 2023: RMB9,322,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

17. DEFERRED TAX

Details of the deferred tax assets and liabilities recognised and movements for the six months ended 30 June 2024 and 2023 are as follows:

Deferred tax assets

| | Expected credit loss on trade and bills receivables | Expected credit loss on other receivables | Provision for legal dispute | Fair value adjustment for financial assets at FVTPL | Total |
|---|---|---|-----------------------------|---|---------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 31 December 2022 and 1 January 2023 (Audited) | 65,211 | 13,926 | 549 | — | 79,686 |
| Credited to profit or loss for the period | 15,512 | (217) | (50) | 6,017 | 21,262 |
| At 30 June 2023 (Unaudited) | 80,723 | 13,709 | 499 | 6,017 | 100,948 |
| At 31 December 2023 and 1 January 2024 (Audited) | 75,075 | 15,590 | 460 | 5,444 | 96,569 |
| Credited (charged) to profit or loss for the period | 16,994 | (842) | 94 | 3,128 | 19,374 |
| At 30 June 2024 (Unaudited) | 92,069 | 14,748 | 554 | 8,572 | 115,943 |

Deferred tax liabilities

| | Withholding tax of Undistributed profits | Fair value adjustment of management contracts & customers relationship | Fair value adjustment of revalued property, plant and equipment | Fair value adjustment for investment properties | Lease | Total |
|---|--|--|---|---|---------|-----------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 31 December 2022 and 1 January 2023 (Audited) | (11,926) | (77,080) | (1,559) | (11,435) | (117) | (102,117) |
| Acquisition of a subsidiary (Note 19) | — | (1,747) | (64) | — | — | (1,811) |
| Credited (charged) to profit or loss for the period | — | 4,826 | 116 | (4,409) | (122) | 411 |
| At 30 June 2023 (Unaudited) | (11,926) | (74,001) | (1,507) | (15,844) | (239) | (103,517) |
| At 31 December 2023 and 1 January 2024 (Audited) | (11,926) | (69,130) | (1,398) | (13,243) | — | (95,697) |
| Credited (charged) to profit or loss for the period | — | 3,651 | 174 | (1,075) | — | 2,750 |
| At 30 June 2024 (Unaudited) | (11,926) | (65,479) | (1,224) | (14,318) | — | (92,947) |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

17. DEFERRED TAX (CONTINUED)

Deferred tax liabilities (continued)

For the purpose of presentation in the condensed consolidated financial statements, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balance for financial reporting purposes:

| | 30 June 2024 | 31 December 2023 |
|--------------------------|------------------------|----------------------|
| | RMB'000 (Unaudited) | RMB'000 (Audited) |
| Deferred tax assets | 101,625 | 83,323 |
| Deferred tax liabilities | (78,629) | (82,451) |
| | <u>22,996</u> | <u>872</u> |

18. SHARE CAPITAL

| | 30 June 2024 | | 31 December 2023 | |
|---|------------------|---------------|------------------|---------------|
| | Number | Amount | Number | Amount |
| | '000 | RMB'000 | '000 | RMB'000 |
| Ordinary shares of HK\$0.01 each | | | | |
| Authorised: | | | | |
| As at 1 January and 30 June/31 December | <u>4,000,000</u> | <u>35,462</u> | <u>4,000,000</u> | <u>35,462</u> |

| | 30 June 2024 | | 31 December 2023 | |
|---|------------------|---------------|------------------|---------------|
| | Number | Amount | Number | Amount |
| | '000 | RMB'000 | '000 | RMB'000 |
| Issued and fully paid: | | | | |
| As at 1 January and 30 June/31 December | <u>1,749,220</u> | <u>15,480</u> | <u>1,749,220</u> | <u>15,480</u> |

During the six months ended 30 June 2024, the company had repurchased 15,024,000 its own ordinary shares with an aggregate consideration of RMB20,180,000 (During the year ended 31 December 2023: the Company had repurchased 5,342,000 its own ordinary shares in consideration of RMB6,143,000). At 30 June 2024, the Company had shares repurchased for cancellation but not yet cancelled of 20,366,000 shares (31 December 2023: 5,342,000 shares).

19. ACQUISITION OF SUBSIDIARIES

For the six months ended 30 June 2024

No subsidiaries were acquired during the period.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

19. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the six months ended 30 June 2023

Acquisitions of business

In January 2023, the Group completed the acquisition of 90% equity interest in Beijing Hangteng Property Management Co., Ltd (“Beijing Hangteng”). Beijing Hangteng principally engaged in property management business.

The acquisition was made with the aims to expand the Group existing scale of operation and enlarge the Group's market presence and has been accounted for as acquisition of businesses using acquisition method.

Consideration transferred

| | Beijing Hangteng |
|-------------------------|---------------------|
| | RMB'000 |
| Cash consideration paid | 58,124 |

Assets acquired and liabilities recognised at the date of acquisition

| | Beijing Hangteng |
|--|---------------------|
| | RMB'000 |
| Property, plant and equipment | 845 |
| Intangible assets - property management contracts and customers relationship | 7,180 |
| Financial assets at FVTPL | 22,773 |
| Trade receivables | 18,352 |
| Prepayment and other receivables | 5,708 |
| Cash and cash equivalents | 2,395 |
| Trade payables | (14,721) |
| Accruals and other payables | (13,030) |
| Provision for taxation | (349) |
| Deferred tax liabilities | (1,811) |
| Net identifiable assets | 27,342 |

The trade receivables and other receivables acquired with a fair value of RMB18,352,000 as at the date of acquisition had gross contractual amounts of RMB18,352,000.

The fair value of intangible assets acquired in business combination is estimated by an independent valuer through application of income approach. This approach estimated the future economic benefits and cost attributed to property management contracts and the customer relationship of the acquiree.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

19. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the six months ended 30 June 2023 (continued)

Acquisitions of business (continued)

Goodwill arising on the acquisition

| | Beijing Hangteng |
|--|---------------------|
| | RMB'000 |
| Consideration transferred | 58,124 |
| Add: Non-controlling interests | 2,734 |
| Less: Fair value of net identifiable assets acquired | (27,342) |
| Goodwill arising on the acquisition | 33,516 |

Goodwill arose on the acquisition of Beijing Hangteng because the expected future development of acquiree's business, improvement on market coverage, enriching the service portfolio, integrating value-added services, and improvement on management efficiency, etc. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Net cash outflows arising on the acquisition

| | Beijing Hangteng |
|---------------------------------|---------------------|
| | RMB'000 |
| Cash consideration paid | 58,124 |
| Less: Cash and cash equivalents | (2,395) |
| | 55,729 |

Impact of acquisition on the results of the Group

Included in the profit for the year is RMB2,050,000 attributable to the additional business generated by Beijing Hangteng. Revenue for the year includes RMB35,003,000 generated from Beijing Hangteng. Had the acquisition of Beijing Hangteng been completed on 1 January 2023, revenue and profit for the year of the Group would be approximately the same as the amounts presented on the face of the condensed consolidated statement of profit or loss and other comprehensive income.

Had the acquisition of Beijing Hangteng been completed on 1 January 2023, revenue for the interim period of the Group from continuing operations would have been RMB3,191,917,000, and the profit for the interim period from continuing operations would have been RMB315,587,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2023, nor is it intended to be a projection of future results.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

20. DISPOSAL OF A SUBSIDIARY

For the six months ended 30 June 2024

| Name of subsidiary | Place of incorporation/ establishment | Equity interest held by the Group before disposal | Equity interest held by the Group after disposal | Total consideration RMB'000 |
|---|---------------------------------------|---|--|--------------------------------|
| Jieshou Chengtou Xuhui Yongsheng Life Service Company Limited | PRC | 51% | NIL | 1,950 |

| | Six months ended 30 June 2024 RMB'000 |
|---|--|
| Analysis of assets and liabilities over which control was lost: | |
| Property, plant and equipment | 20 |
| Trade and bills receivables | 8,248 |
| Prepayments and other receivables | 151 |
| Cash and cash equivalents | 2,867 |
| Trade and bills payables | (5,764) |
| Contract liabilities | (151) |
| Accruals and other payables | (470) |
| Provision for taxation | (395) |
| Net assets disposed of | <u>4,506</u> |
| Loss on disposal of a subsidiary: | |
| Cash consideration | 1,950 |
| Non-controlling interest | 2,208 |
| Net assets disposed of | <u>(4,506)</u> |
| | <u>(348)</u> |

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

| | 2024 RMB'000 |
|---|-----------------|
| Cash and cash equivalents disposed of | (2,867) |
| Cash consideration received | <u>1,950</u> |
| Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary | <u>(917)</u> |



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

21. MATERIAL RELATED PARTIES TRANSACTIONS

During the period, the Group entered into the following transactions with related parties:

(a) Related parties transactions

| | Six month ended 30 June | |
|--|-------------------------|----------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Property management services | | |
| Fellow subsidiaries (note i) | 15,155 | 21,175 |
| Associates and joint ventures of the ultimate holding company (note ii) | 7,000 | 6,850 |
| Subsidiaries of Red Star Macalline Group Corporation Ltd. ("Red Star Macalline") (note iii) | 304,653 | 310,982 |
| Total | 326,808 | 339,007 |
| Community value-added services | | |
| Fellow subsidiaries (note i) | 6,440 | 51,981 |
| Associates and joint ventures of the ultimate holding company (note ii) | 3,876 | 7,895 |
| Total | 10,316 | 59,876 |
| Value-added services to non-property owners | | |
| Fellow subsidiaries (note i) | 140,407 | 168,912 |
| Associates and joint ventures of the ultimate holding company (note ii) | 123,390 | 87,637 |
| Total | 263,797 | 256,549 |
| Purchase of services | | |
| Fellow subsidiaries (note i) | 3,947 | 5,780 |
| Subsidiaries of Red Star Macalline (note iii) | 79,152 | 63,889 |
| Total | 83,099 | 69,669 |

Notes:

- (i) Represented the subsidiaries of CIFI Holdings (Group) Co. Ltd.
- (ii) Represented associates and joint ventures of CIFI Holdings (Group) Co. Ltd.
- (iii) Represented the subsidiaries of Red Star Macalline, Red Star Macalline is a non-controlling shareholder having a significant influence over Shanghai Macalline Property Management Services Co., Ltd, which is a subsidiary of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

21. MATERIAL RELATED PARTIES TRANSACTIONS (CONTINUED)

(b) Related parties balances

| | 30 June 2024 | 31 December 2023 |
|---|------------------------|----------------------|
| | RMB'000 (Unaudited) | RMB'000 (Audited) |
| Trade and bills receivables | | |
| Fellow subsidiaries (note i) | 544,675 | 487,151 |
| Associates and joint ventures of the ultimate holding company (note i) | 340,596 | 269,778 |
| Subsidiaries of Red Star Macalline (note i) | 8,012 | 156,269 |
| Total | <u>893,283</u> | <u>913,198</u> |
| Deposits and other receivables | | |
| Fellow subsidiaries (note ii) | 689,676 | 714,466 |
| Associates and joint ventures of the ultimate holding company (note ii) | 81,975 | 103,649 |
| Total | <u>771,651</u> | <u>818,115</u> |
| Trade payables | | |
| Subsidiaries of Red Star Macalline (note iii) | 44,110 | 49,254 |
| Other payables | | |
| Fellow subsidiaries (note iv) | 138,514 | 138,062 |
| Contract liabilities | | |
| Fellow subsidiaries (note v) | 59,946 | 49,453 |
| Associates and joint ventures of the ultimate holding company (note v) | 11,984 | 3,595 |
| Subsidiaries of Red Star Macalline (note v) | 17,534 | 1,664 |
| Total | <u>89,464</u> | <u>54,712</u> |



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

21. MATERIAL RELATED PARTIES TRANSACTIONS (CONTINUED)

(b) Related parties balances (continued)

Notes:

- (i) The balances were represented provision of property management services, community-value added services and value-added services to non-property owners and city services in accordance with the terms of the relevant services agreements which charged by the square meter of the service area and actual cost incurred. The amounts were due for payment upon the issuance of demand note.
- (ii) The deposits were represented with deposit for exclusive sales representative agreements of refundable deposits to secure the sales collective of car parks, storage units and retail shops and amount will be refunded when the car park, storage units and retail shops are sold out. The other receivables were unsecured, interest free and receivable on demand.
- (iii) The balances were represented purchases of services charged based on service agreement mutually agreed by contracted parties.
- (iv) The other payables are unsecured, interest-free and payables on demand.
- (v) The balances were represented advance payments from contracted parties in accordance with the terms of the relevant services agreements which charged by the square meter of the service area and actual cost incurred while the property management services or valued added services are yet to be provided.

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined, as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

| Financial instrument | Fair values as at | | Fair value hierarchy | Valuation technique(s) and key input(s) |
|--|-------------------|------------------|----------------------|---|
| | 30 June 2024 | 31 December 2023 | | |
| Equity instruments classified as financial assets at FVTPL - listed equity securities in Hong Kong | RMB4,665,000 | RMB4,264,000 | Level 1 | Quoted bid prices in an active market |
| Unlisted equity securities funds classified as financial assets at FVTPL | RMB314,018,000 | RMB362,663,000 | Level 3 | Fund net asset value |

There were no transfers between Level 1 and 2 during the period.

Fair value of the Group's financial assets and liabilities that are not measured at fair value on a recurring basis

The board of directors consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate their fair values.