恒大物業
EVERGRANDE PROPERTY SERVICES

Evergrande Property Services Group Limited
恒 大 物 業 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6666)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

Financial Summary

For the six months ended 30 June 2024:

- The Group had operating revenue of approximately RMB6,220.2 million, representing a period-on-period increase of approximately 1.2%.
- The Group had gross profit of approximately RMB1,256.1 million and gross profit margin of approximately 20.2 %, representing a period-on-period decrease of approximately 4.2 percentage points.
- The Group had net profit of approximately RMB499.8 million and net profit margin of approximately 8.0%, representing a period-on-period decrease of approximately 4.9 percentage points.
- Profit attributable to owners of the Company amounted to approximately RMB500.5 million and basic earnings per share was approximately RMB0.05.

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

The Board does not recommend the payment of any interim dividend in respect of the six months ended 30 June 2024.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Six months ended 30 June	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*5*	**6,220,192**	6,145,117
Cost of sales		**(4,964,101)**	(4,645,953)
Gross profit		**1,256,091**	1,499,164
Other income	*6*	**72,348**	79,228
Other losses		**(24,968)**	(64,087)
Impairment losses on financial assets		**(71,118)**	(78,622)
Fair value losses on investment properties		**(43)**	(2,304)
Administrative expenses		**(519,656)**	(390,270)
Operating profit		**712,654**	1,043,109
Fair value gains on financial liabilities at fair value through profit or loss		**2,753**	–
Share of net profit of investments accounted for using equity method		**1,970**	6,901
Finance costs		**(34,945)**	(25,618)
Profit before income tax		**682,432**	1,024,392
Income tax expenses	*7*	**(182,604)**	(234,059)
Profit for the period		**499,828**	790,333
Profit attributable to:			
– Owners of the Company		**500,526**	781,309
– Non-controlling interests		**(698)**	9,024
		499,828	790,333

	Note	Six months ended 30 June	
		2024	2023
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Other comprehensive (expense) income			
Item that may be reclassified to profit or loss			
Exchange difference arising on translation			
of financial statements of foreign operations		**(138)**	1,635
Total comprehensive income for the period		**499,690**	791,968
Comprehensive income (expense) attributable to:			
– Owners of the Company		**500,388**	782,944
– Non-controlling interests		**(698)**	9,024
		499,690	791,968
Earnings per share for profit attributable			
to owners of the company			
– Basic and diluted	*9*	**RMB0.05**	RMB0.07

Condensed Consolidated Statement of Financial Position

	Note	**As at 30 June 2024**	As at 31 December 2023
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
Assets			
Non-current assets			
Property and equipment		**62,401**	58,643
Right-of-use assets		**19,738**	28,507
Intangible assets		**1,564,844**	1,646,599
Investment properties		**5,177**	5,220
Investments accounted for using equity method		**50,486**	39,615
Deferred tax assets		**510,374**	498,164
		2,213,020	2,276,748
Current assets			
Trade and other receivables	*10*	**3,503,655**	3,508,637
Prepayments		**68,611**	31,495
Inventories		**3,669**	2,365
Financial assets at fair value through profit or loss		**3,180**	420,654
Restricted cash		**125,513**	125,667
Cash and cash equivalents		**2,320,098**	1,880,850
		6,024,726	5,969,668
Total assets		**8,237,746**	8,246,416

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Equity			
Share capital	*11*	**7,060**	7,060
Reserves		**(6,082,535)**	(6,082,397)
Retained earnings		**6,108,288**	5,607,762
Equity attributable to owners of the Company		**32,813**	(467,575)
Non-controlling interests		**424,110**	486,786
Total equity		**456,923**	19,211
Liabilities			
Non-current liabilities			
Other payables		**137,853**	177,852
Lease liabilities		**5,506**	18,181
Contingent consideration payables		**–**	2,753
Deferred tax liabilities		**135,511**	151,482
		278,870	350,268
Current liabilities			
Lease liabilities		**97,117**	102,335
Trade and other payables	*12*	**4,039,623**	3,937,708
Contract liabilities		**2,561,971**	2,649,350
Current income tax liabilities		**803,242**	1,187,544
		7,501,953	7,876,937
Total liabilities		**7,780,823**	8,227,205
Total equity and liabilities		**8,237,746**	8,246,416

Notes to the Condensed Consolidated Financial Statements

1. General information

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

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

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

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

2. Basis of preparation

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

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

Going concern assumption

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

In view of the above circumstances, the Company has reviewed the Group's cash flow projections, which cover a period of not less than 12 months from 30 June 2024. In the opinion of the directors, taking into account the following actions during the six months ended 30 June 2024 and plans and measures to be taken, the Group will have sufficient working capital to meet its financial obligations up to 30 June 2025.

– The Group has reached agreements with certain creditors, agreeing not to demand immediate repayment of the liabilities when they fall due for the next twelve months from 30 June 2024;

– The Group has been actively negotiating with the creditors of consideration payable for business combinations to revise the repayment plan; and

– The directors of the Company are implementing and will continue to further implement cost control measures in operating and other expenses, in order to improve the operating and financial position of the Group.

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

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

3. Accounting policies

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

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

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

4. Segment information

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

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

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

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

5. Revenue

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

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

6. Other income

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

Notes:

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

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

7. Income tax expenses

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

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

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

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

8. Dividends

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

9. Earnings per share

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

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

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

10. Trade receivables

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

Note:

As at 30 June 2024 and 31 December 2023, the ageing analysis of trade receivables by revenue recognition date, net of impairment allowance, was as follows:

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

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

The trade receivables are mainly derived from the revenue from basic property management services on a lump sum basis. Revenue from basic property management services is received in accordance with the terms of the relevant service agreements.

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

11. **Share capital**

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

12. Trade payables

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables (Note a)		
– Related parties	**441,219**	375,003
– Third parties	**1,145,283**	1,040,364
	1,586,502	1,415,367

Notes:

(a) As at 30 June 2024 and 31 December 2023, the ageing analysis of the trade payables based on goods and services received was as follows:

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

(b) As at 30 June 2024 and 31 December 2023, trade payables were denominated in RMB and their carrying amounts approximated their fair values.

13. Comparative information

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

SUMMARY OF INDEPENDENT REVIEW REPORT OF INTERIM FINANCIAL INFORMATION

The following is a summary of the independent auditor's review report on the interim condensed consolidated financial statements of Evergrande Property Services Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the six months ended 30 June 2024 issued by its external auditor, Prism Hong Kong Limited ("**Prism**", formerly known as Prism Hong Kong and Shanghai Limited):

SCOPE OF REVIEW

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

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

CONCLUSION

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of the Company, I am pleased to present the interim results of the Group for the six months ended 30 June 2024 (the "**Period**").

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Duan Shengli
Chairman of the Board

Hong Kong, 30 August 2024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Quality is the foundation, build a better life with heart

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

Focus on demand and precision in community living services

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

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

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

Focus on cultivation to promote quality development of asset management services

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

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

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

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

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

Future Outlook

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

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

FINANCIAL REVIEW

Revenue

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

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

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

(i) Property management services

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

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

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

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

	For the six months ended 30 June 2024		For the six months ended 30 June 2023		
	Revenue	**Percentage of total revenue**	Revenue	Percentage of total revenue	Growth rate
Project Sources	***(RMB'000)***	***(%)***	*(RMB'000)*	*(%)*	*(%)*
Residential/commercial, etc.	**4,401,957**	**85.4**	4,312,934	85.9	2.1
Public construction projects	**723,902**	**14.0**	679,652	13.5	6.5
City public service	**32,199**	**0.6**	32,019	0.6	0. 6
Total	**5,158,058**	**100.0**	5,024,605	100.0	2.7

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

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

(ii) Community living services

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

(iii) Asset management services

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

(iv) Community operation services

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

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

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

Cost of sales

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

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

Gross profit and gross profit margin

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

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

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

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

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

Administrative expenses

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

Other income

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

Other losses

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

Income tax expenses

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

Profit for the Period

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

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

Property and equipment

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

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

Right-of-use assets

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

Intangible assets

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

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

Trade and other receivables

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

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

Trade and other payables

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

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

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

Contract liabilities

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

Current income tax liabilities

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

Liquidity and financial resources

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

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

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

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

MAJOR RISKS AND UNCERTAINTIES

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

Industry risks

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

Business risks

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

Foreign exchange risks

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

Risk of continuing as a going concern

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

Risk of unrecoverable material losses

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

PLEDGE OF ASSETS

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

CONTINGENT LIABILITIES

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

HUMAN RESOURCES

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

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

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

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

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

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

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

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

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

SHARE SCHEMES

The share option scheme was approved and adopted by the shareholders of the Company at the extraordinary general meeting of the Company held on 10 May 2021. No share options had been granted since the adoption of the share option scheme up to 30 June 2024.

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

EVENTS AFTER THE REPORTING PERIOD

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

INTERIM DIVIDEND

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

AUDIT COMMITTEE

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

REVIEW OF UNAUDITED INTERIM RESULTS

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

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.evergrandeservice.com). The interim report of the Company for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be published on the above-mentioned websites in due course.

By order of the Board
Evergrande Property Services Group Limited
Duan Shengli
Chairman

Hong Kong, 30 August 2024

As at the date of this announcement, the Board comprises Mr. Duan Shengli, Mr. Han Chao, Mr. Hu Xu as executive Directors; Mr. Sang Quan and Mr. Lin Wuchang as non-executive Directors; and Mr. Peng Liaoyuan, Ms. Wen Yanhong and Mr. Dong Xinyi as independent non-executive Directors.