碧桂园服务
COUNTRY GARDEN SERVICES

COUNTRY GARDEN SERVICES HOLDINGS COMPANY LIMITED

碧 桂 園 服 務 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6098)

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

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2024	2023	Change
	(RMB million, unless otherwise stated)		
Revenue	**21,046.2**	20,733.1	1.5%
Gross profit	**4,453.4**	5,157.7	-13.7%
Percentage of general and administrative expenses	***8.5%***	*8.8%*	*-0.3 percentage points*
Net profit	**1,545.6**	2,488.6	-37.9%
Profit attributable to the owners of the Company	**1,440.4**	2,351.2	-38.7%
Core net profit* attributable to the owners of the Company	**1,840.0**	2,695.3	-31.7%
Basic earnings per share *(RMB cents)*	**43.09**	69.70	-38.2%
Diluted earnings per share *(RMB cents)*	**43.09**	69.70	-38.2%
Net cash generated from operating activities	**270.3**	2,192.0	-87.7%
Net cash generated from operating activities/net profit	**0.2**	0.9	-0.7
Revenue-bearing gross floor area ("**GFA**") of the property management services other than the "Three Supplies and Property Management" businesses *(million sq.m.)*	**1,005.6**	956.9#	48.7
Contracted GFA of the property management services other than the "Three Supplies and Property Management" businesses *(million sq.m.)*	**1,634.9**	1,633.0#	1.9
Revenue-bearing GFA of the property management services of the "Three Supplies and Property Management" businesses *(million sq.m.)*	**90.6**	88.6#	2.0
Contracted GFA of the property management services of the "Three Supplies and Property Management" businesses *(million sq.m.)*	**95.4**	93.4#	2.0

The revenue-bearing GFA and contracted GFA in 2023 stated above are total areas on 31 December 2023.

* Core net profit attributable to the owners of the Company excluding share-based payment expenses, unrealised gains or losses from financial assets at fair value through profit or loss, amortisation charges of intangible assets – contracts and customer relationships, insurance brokerage licenses and brands arising from mergers and acquisitions and impairment of goodwill and other intangible assets, impairment of loans to third parties pledged by equities, losses from disposal of subsidiaries, expected losses on external guarantee and impairment of receivables from related parties.

The board (the "**Board**") of directors (the "**Director(s)**") of Country Garden Services Holdings Company Limited (the "**Company**" or "**CG Services**") announces the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2024 (the "**Period**") as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited Six months ended 30 June	
		2024	2023
	Note	***RMB'000***	*RMB'000*
Revenue	*5*	**21,046,154**	20,733,133
Cost of services	*8*	**(15,745,590)**	(15,088,902)
Cost of sales of goods	*8*	**(847,166)**	(486,556)
Gross profit		**4,453,398**	5,157,675
Selling and marketing expenses	*8*	**(185,148)**	(155,886)
General and administrative expenses	*8*	**(1,793,880)**	(1,815,550)
Net impairment losses on financial assets	*8*	**(404,265)**	(316,436)
Other income	*6*	**117,503**	281,881
Other (losses)/gains — net	*7*	**(119,692)**	94,828
Operating profit		**2,067,916**	3,246,512
Finance income	*9*	**111,164**	114,205
Finance costs	*9*	**(107,672)**	(111,761)
Finance income — net	*9*	**3,492**	2,444
Share of results of investments accounted for using the equity method		**(37,651)**	19,291
Profit before income tax		**2,033,757**	3,268,247
Income tax expense	*10*	**(488,176)**	(779,686)
Profit for the period		**1,545,581**	2,488,561
Profit attributable to:			
— Owners of the Company		**1,440,367**	2,351,168
— Non-controlling interests		**105,214**	137,393
		1,545,581	2,488,561

		Unaudited	
		Six months ended 30 June	
		2024	2023
	Note	***RMB'000***	*RMB'000*
Other comprehensive income			
Items that may be reclassified to profit or loss:			
— Currency translation differences		**3,301**	(6,191)
Items that will not be reclassified to profit or loss:			
— Changes in fair value of financial assets at fair value through other comprehensive income		**13,541**	(151,964)
Total other comprehensive income/(losses) for the period, net of tax		**16,842**	(158,155)
Total comprehensive income for the period		**1,562,423**	2,330,406
Total comprehensive income attributable to:			
— Owners of the Company		**1,457,209**	2,193,013
— Non-controlling interests		**105,214**	137,393
		1,562,423	2,330,406
Earnings per share for profit attributable to owners of the Company (expressed in RMB cents per share)			
— Basic	*11*	**43.09**	69.70
— Diluted	*11*	**43.09**	69.70

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**Unaudited At 30 June 2024** *RMB'000*	Audited At 31 December 2023 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,609,536**	1,656,964
Other right-of-use assets		**419,914**	425,737
Investment properties		**1,740,181**	1,305,002
Intangible assets	*13*	**23,360,727**	23,927,309
Investments accounted for using the equity method		**566,223**	600,367
Financial assets at fair value through other comprehensive income	*14*	**4,328,586**	4,317,978
Contract assets		**72,787**	71,405
Trade and other receivables	*15*	**347,347**	162,435
Deferred income tax assets		**1,033,996**	907,500
		33,479,297	33,374,697
Current assets			
Inventories		**379,120**	516,265
Trade and other receivables	*15*	**23,776,667**	21,606,111
Financial assets at fair value through profit or loss	*16*	**1,086,012**	807,724
Restricted bank deposits		**304,781**	302,090
Cash and cash equivalents		**11,985,501**	12,637,187
		37,532,081	35,869,377
Total assets		**71,011,378**	69,244,074

	Note	**Unaudited At 30 June 2024** *RMB'000*	Audited At 31 December 2023 *RMB'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium	*17*	**27,066,858**	27,066,858
Other reserves		**927,107**	924,309
Retained earnings		**8,620,219**	8,164,706
		36,614,184	36,155,873
Non-controlling interests		**2,690,736**	2,626,204
Total equity		**39,304,920**	38,782,077
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	*19*	**769,475**	840,751
Lease liabilities		**1,901,400**	1,353,427
Deferred income tax liabilities		**1,721,576**	1,884,304
		4,392,451	4,078,482
Current liabilities			
Contract liabilities		**7,359,158**	7,591,490
Trade and other payables	*18*	**18,685,722**	17,436,240
Current income tax liabilities		**629,363**	462,736
Bank and other borrowings	*19*	**436,852**	728,797
Lease liabilities		**202,912**	164,252
		27,314,007	26,383,515
Total liabilities		**31,706,458**	30,461,997
Total equity and liabilities		**71,011,378**	69,244,074

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Country Garden Services Holdings Company Limited (the "**Company**") was incorporated in the Cayman Islands on 24 January 2018 as an exempted company with limited liability under the Companies Act (Cap. 22, Law 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 is an investment holding company. The Company and its subsidiaries (the "**Group**") are principally engaged in provision of property management services, community value-added services, value-added services to non-property owners, heat supply services, city services and commercial operational services in the People's Republic of China (the "**PRC**").

The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

This interim financial information for the six months ended 30 June 2024 ("**Interim Financial Information**") is presented in Renminbi ("**RMB**"), unless otherwise stated.

2. BASIS OF PREPARATION

This Interim Financial Information has been prepared in accordance with the Hong Kong Accounting Standard ("**HKAS**") 34, 'Interim Financial Reporting'. This Interim Financial Information should be read in conjunction with the comprehensive consolidated financial statements of the Company for the year ended 31 December 2023 ("**2023 Financial Statements**"), which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") and the disclosure requirements of the Hong Kong Companies Ordinance, and any public announcement made by the Company during the interim reporting period.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied are consistent with those as described in the 2023 Financial Statements, except for the adoption of new and amendments to HKFRSs effective for reporting period commencing on or after 1 January 2024 below. Income tax expense was recognised based on management's estimate of the annual income tax rate expected for the full financial year.

(a) The adoption of the amendments to HKFRSs effective for reporting period commencing on or after 1 January 2024 did not have a material impact to the Group.

(b) Except for amendments to HKAS 1, HKAS 7, HKFRS 7, HKFRS 16 and Hong Kong Interpretation 5 (revised), which become effective this period, new and revised standards and amendments to existing standards that have been issued and relevant to the Group but are not effective for the financial year beginning on 1 January 2024 and have not been early adopted are as follows:

		Effective for annual periods beginning on or after
Amendments to HKAS 21	Lack of exchangeability	1 January 2025

None of the above is expected to have a significant impact on the Group's accounting policies.

4. JUDGEMENTS AND ESTIMATES

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2023 Financial Statements.

5. REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Makers ("**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.

The Group is principally engaged in the provision of property management services, community value-added services, value-added services to non-property owners, water, electricity and heat supplies and property management services under the state-owned enterprises separation and reform program (hereinafter referred to as "**Three Supplies and Property Management**"), city services and commercial operational services in the PRC.

The CODM considers business from a product perspective and has identified the following four operating segments:

— Property management and related services other than Three Supplies and Property Management businesses, which include property management services, community value-added services and value-added services to non-property owners;

— Three Supplies and Property Management businesses;

— City services business, which include sanitation, cleaning and sewage and waste treatment business; and

— Commercial operational services business.

The CODM assesses the performance of the operating segments based on a measure of operating profit, adjusted by excluding realised and unrealised gains from financial assets at fair value through profit or loss ("**FVPL**"), and including share of results of investments accounted for using the equity method.

Segment assets consist primarily of property, plant and equipment, other right-of-use assets, investment properties, intangible assets, investments accounted for using the equity method, contract assets, inventories, receivables, and operating cash. They exclude deferred income tax assets, financial assets at fair value through other comprehensive income ("**FVOCI**") and financial assets at FVPL. Segment liabilities consist primarily of operating liabilities. They exclude current and deferred income tax liabilities, bank and other borrowings and dividend payables.

Capital expenditure comprises additions to property, plant and equipment, other right-of-use assets, investment properties and intangible assets.

Revenue mainly comprises of proceeds from provision of property management services, community value-added services, value-added services to non-property owners, heat supply services, city services and commercial operational services. An analysis of the Group's revenue by category for the six months ended 30 June 2024 and 2023 was as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Revenue from property management and related services other than Three Supplies and Property Management businesses		
— Property management services	**12,751,854**	12,187,481
— Community value-added services	**1,997,843**	1,884,170
— Value-added services to non-property owners	**355,451**	971,766
— Other services	**94,767**	60,283
	15,199,915	15,103,700
Revenue from Three Supplies and Property Management businesses		
— Property management and other related services	**2,467,221**	1,888,710
— Heat supply services	**877,384**	812,164
	3,344,605	2,700,874
Revenue from city services business	**2,169,987**	2,394,290
Revenue from commercial operational services business	**331,647**	534,269
	21,046,154	20,733,133

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the six months ended 30 June 2024 and 2023.

Sales between segments are carried out on terms agreed upon by the respective segments' management.

Nearly 100% of the Group's revenue is attributable to the markets in Mainland China and nearly 100% of the Group's non-current assets are located in Mainland China. No geographical information is therefore presented.

The segment information provided to the CODM of the Company for the reportable segments is as follows:

	Six months ended 30 June 2024				
	Property management and related services other than Three Supplies and Property Management	**Three Supplies and Property Management**	**City services business**	**Commercial operational services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Revenue from contracts with customers	**15,206,541**	**3,345,011**	**2,222,762**	**259,571**	**21,033,885**
Recognised over time	**14,483,196**	**2,869,126**	**2,148,916**	**256,908**	**19,758,146**
Recognised at a point time	**723,345**	**475,885**	**73,846**	**2,663**	**1,275,739**
Revenue from other source	**–**	**–**	**–**	**73,416**	**73,416**
Rental income	**–**	**–**	**–**	**73,416**	**73,416**
Total segment revenue	**15,206,541**	**3,345,011**	**2,222,762**	**332,987**	**21,107,301**
Less: inter-segment revenue	**(6,626)**	**(406)**	**(52,775)**	**(1,340)**	**(61,147)**
Revenue from external customers	**15,199,915**	**3,344,605**	**2,169,987**	**331,647**	**21,046,154**
Segment results	**1,629,107**	**26,657**	**261,471**	**143,771**	**2,061,006**
Share of results of investments accounted for using the equity method	**(32,665)**	**(7,352)**	**2,366**	**–**	**(37,651)**
Depreciation and amortisation charges	**649,099**	**68,683**	**194,730**	**65,954**	**978,466**
Net impairment losses on financial assets	**377,737**	**(452)**	**30,392**	**(3,412)**	**404,265**
Capital expenditure	**218,126**	**165,816**	**58,084**	**574,172**	**1,016,198**

	At 30 June 2024				
	Property management and related services other than Three Supplies and Property Management	**Three Supplies and Property Management**	**City services business**	**Commercial operational services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Segment assets	**52,056,357**	**2,973,718**	**6,638,475**	**2,894,234**	**64,562,784**
Investments accounted for using the equity method	**392,236**	**143,013**	**30,724**	**250**	**566,223**
Segment liabilities	**18,894,407**	**3,043,470**	**2,651,954**	**2,510,158**	**27,099,989**

The segment information provided to the CODM of the Company for the reportable segments is as follows (continued):

	Six months ended 30 June 2023				
	Property management and related services other than Three Supplies and Property Management	Three Supplies and Property Management	City services business	Commercial operational services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from contracts with customers	15,105,870	2,700,874	2,420,165	388,977	20,615,886
Recognised over time	14,699,189	2,427,937	2,404,512	379,923	19,911,561
Recognised at a point time	406,681	272,937	15,653	9,054	704,325
Revenue from other source	–	–	–	147,261	147,261
Rental income	–	–	–	147,261	147,261
Total segment revenue	15,105,870	2,700,874	2,420,165	536,238	20,763,147
Less: inter-segment revenue	(2,170)	–	(25,875)	(1,969)	(30,014)
Revenue from external customers	15,103,700	2,700,874	2,394,290	534,269	20,733,133
Segment results	2,535,021	28,228	462,767	157,295	3,183,311
Share of results of investments accounted for using the equity method	20,810	(3,046)	1,527	–	19,291
Depreciation and amortisation charges	625,720	74,529	192,635	82,963	975,847
Net impairment losses on financial assets	293,041	5,542	16,144	1,709	316,436
Capital expenditure	192,349	133,302	218,223	253,793	797,667

	At 31 December 2023				
	Property management and related services other than Three Supplies and Property Management	Three Supplies and Property Management	City services business	Commercial operational services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	51,179,563	3,354,333	6,347,875	2,329,101	63,210,872
Investments accounted for using the equity method	424,350	155,786	19,981	250	600,367
Segment liabilities	19,124,589	3,017,510	2,376,646	2,026,664	26,545,409

A reconciliation of segment results to profit before income tax is provided as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Segment results	**2,061,006**	3,183,311
Realised and unrealised gains from financial assets at FVPL *(note 7)*	**(30,741)**	82,492
Finance income — net	**3,492**	2,444
Profit before income tax	**2,033,757**	3,268,247

A reconciliation of segment assets to total assets is provided as follows:

	At 30 June	At 31 December
	2024	2023
	RMB'000	*RMB'000*
Segment assets	**64,562,784**	63,210,872
Deferred income tax assets	**1,033,996**	907,500
Financial assets at FVOCI	**4,328,586**	4,317,978
Financial assets at FVPL	**1,086,012**	807,724
Total assets	**71,011,378**	69,244,074

A reconciliation of segment liabilities to total liabilities is provided as follows:

	At 30 June	At 31 December
	2024	2023
	RMB'000	*RMB'000*
Segment liabilities	**27,099,989**	26,545,409
Dividend payables *(note 18)*	**1,049,203**	–
Deferred income tax liabilities	**1,721,576**	1,884,304
Current income tax liabilities	**629,363**	462,736
Bank and other borrowings	**1,206,327**	1,569,548
Total liabilities	**31,706,458**	30,461,997

6. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Dividend income from financial assets at FVOCI	**54,711**	140,757
Government subsidy income	**41,401**	111,205
Late payment charges	**21,391**	29,919
	117,503	281,881

7. OTHER (LOSSES)/GAINS — NET

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Realised and unrealised (losses)/gains from financial assets at FVPL	**(30,741)**	82,492
Net foreign exchange (losses)/gains	**(24,281)**	12,468
Gains from the change of sublease contracts	**84,393**	8,911
(Losses)/gains on early termination of lease contracts	**(4,856)**	9,133
(Losses)/gains on disposals of property, plant and equipment	**(10,280)**	880
(Losses)/gains on disposals of subsidiaries	**(38,844)**	162
Others	**(95,083)**	(19,218)
	(119,692)	94,828

8. EXPENSES BY NATURE

Expenses included in cost of services, cost of sales of goods, selling and marketing expenses, general and administrative expenses and net impairment losses on financial assets are analysed as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Employee benefit expenses	**7,588,923**	7,493,881
Cleaning expenses	**3,363,873**	3,253,951
Maintenance expenses	**1,098,889**	1,114,298
Security expenses	**1,081,914**	956,131
Utilities	**1,057,087**	944,510
Depreciation and amortisation charges	**978,466**	975,847
Cost of sales of goods	**847,166**	486,556
Heat supply costs	**730,362**	652,823
Greening and gardening expenses	**426,219**	390,187
Net impairment losses on financial assets	**404,265**	316,436
Rental expenses for short-term and low-value leases	**254,829**	241,038
Office and communication expenses	**148,971**	164,855
Travelling and entertainment expenses	**145,909**	135,527
Transportation expenses	**127,743**	105,252
Other labour – outsourcing costs (i)	**123,202**	64,283
Sales service expenses	**115,744**	93,079
Other taxes and surcharges	**88,315**	90,767
Professional service fees	**86,368**	103,550
Community activities expenses	**84,268**	56,084
Advertising and promotion costs	**51,847**	40,648
Bank charges	**48,608**	51,269
Cost of information technology services	**40,797**	59,936
Construction costs for contractual service concession arrangements	**1,224**	7,454
Other expenses	**81,060**	64,968
	18,976,049	17,863,330

(i) Other labour outsourcing costs excluding labour outsourcing expenses expressed in cleaning expenses, maintenance expenses, and greening and gardening expenses.

9. FINANCE INCOME — NET

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Finance income:		
Interest income on bank deposits	**111,164**	114,205
Finance costs:		
Interest expense on lease liabilities	**(60,928)**	(65,458)
Interest expense on bank and other borrowings	**(46,744)**	(46,303)
	(107,672)	(111,761)
Finance income — net	**3,492**	2,444

10. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Current income tax	**784,087**	956,563
Deferred income tax		
— Corporate income tax	**(251,846)**	(206,639)
— Withholding income tax on profits to be distributed in future	**(44,065)**	29,762
	(295,911)	(176,877)
	488,176	779,686

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2024	2023
Profit attributable to the owners of the Company *(RMB'000)*	**1,440,367**	2,351,168
Weighted average number of ordinary shares in issue *(thousands of shares)*	**3,343,020**	3,373,127
Basic earnings per share *(RMB cents)*	**43.09**	69.70

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares arising from the share option schemes.

Diluted earnings per share equals to basic earnings per share for the period ended 30 June 2024 and 2023 as the effect of the share options were anti-dilutive.

12. DIVIDENDS

The final dividend in respect of 2023 of RMB2.19 cents (equivalent to HKD2.41 cents) per share and a special dividend of RMB27.27 cents (equivalent to HKD29.94 cents) per share, totalling approximately RMB984,854,000 was approved at the annual general meeting of the Company on 6 June 2024 and will be paid in cash on 30 August 2024.

The Board of Directors has resolved not to declare an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

13. INTANGIBLE ASSETS

	Software	Contracts and customer relationships	Insurance brokerage license	Brand	Concession intangible assets	Total other intangible assets	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
							(a)	
Six months ended 30 June 2024								
Opening net book amount	**485,759**	**4,841,360**	**19,797**	**1,538,175**	**609,417**	**7,494,508**	**16,432,801**	**23,927,309**
Acquisition of subsidiaries	**–**	**43,963**	**–**	**–**	**–**	**43,963**	**76,802**	**120,765**
Other additions	**26,880**	**–**	**–**	**–**	**–**	**26,880**	**–**	**26,880**
Amortisation	**(38,010)**	**(401,994)**	**(1,237)**	**(120,290)**	**(19,762)**	**(581,293)**	**–**	**(581,293)**
Disposal of subsidiaries	**–**	**(48,892)**	**–**	**–**	**–**	**(48,892)**	**(84,042)**	**(132,934)**
Closing net book amount	**474,629**	**4,434,437**	**18,560**	**1,417,885**	**589,655**	**6,935,166**	**16,425,561**	**23,360,727**
At 30 June 2024								
Cost	**692,686**	**6,982,758**	**28,664**	**2,128,395**	**668,429**	**10,500,932**	**19,492,232**	**29,993,164**
Accumulated amortisation	**(218,057)**	**(2,539,865)**	**(10,104)**	**(708,622)**	**(78,774)**	**(3,555,422)**	**–**	**(3,555,422)**
Accumulated impairment	**–**	**(8,456)**	**–**	**(1,888)**	**–**	**(10,344)**	**(3,066,671)**	**(3,077,015)**
Net book amount	**474,629**	**4,434,437**	**18,560**	**1,417,885**	**589,655**	**6,935,166**	**16,425,561**	**23,360,727**
Six months ended 30 June 2023								
Opening net book amount	408,787	5,576,760	22,271	1,781,042	263,184	8,052,044	17,901,317	25,953,361
Additions	73,191	9,391	–	–	–	82,582	–	82,582
Amortisation	(33,758)	(400,159)	(1,237)	(120,488)	(10,362)	(566,004)	–	(566,004)
Closing net book amount	448,220	5,185,992	21,034	1,660,554	252,822	7,568,622	17,901,317	25,469,939
At 30 June 2023								
Cost	601,833	6,948,218	28,663	2,166,442	294,363	10,039,519	19,639,425	29,678,944
Accumulated amortisation	(153,613)	(1,759,365)	(7,629)	(471,011)	(41,541)	(2,433,159)	–	(2,433,159)
Accumulated impairment	–	(2,861)	–	(34,877)	–	(37,738)	(1,738,108)	(1,775,846)
Net book amount	448,220	5,185,992	21,034	1,660,554	252,822	7,568,622	17,901,317	25,469,939

(a) Impairment tests for goodwill

As at 30 June 2024, goodwill of RMB16,425,561,000 is allocated in cash-generating units ("**CGU**") as follows:

	At 30 June 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Wealth Best Global Holdings Group Company Limited ("**Wealth Best Global**")	**3,567,263**	3,567,263
Country Garden Life Services Group Company Limited ("**Life Services**")	**6,393,177**	3,468,945
Link Joy Holdings Group Co., Ltd. ("**Link Joy**")	**3,233,591**	3,233,591
Sichuan Justbon Life Services Group Co., Ltd. ("**Justbon Services**")	**–**	2,973,736
Country Garden Manguo Environmental Technology Group Co., Ltd. ("**Manguo**")	**1,958,891**	1,958,891
Others	**1,272,639**	1,230,375
	16,425,561	16,432,801

During the six months ended 30 June 2024, there has been a change in the identified CGU resulting from the integration of Justbon Services to Life Services' business in order to improve operation efficiency. This integration included, but was not limited to, organisational restructuring, personnel management, unified internal control, rebranding, data migration and system conversion. Accordingly, goodwill originally along with Justbon Services was merged into CGU of Life Services. Management expected that the benefit of expected synergies of Justbon Services business shall be achieved from integrating it into the Group's existing business under Life Services. Such integration resulted in the reallocation of goodwill as there has been a change to the way in which goodwill is monitored internally.

As there were no indicators for impairment of the CGU as at 30 June 2024, management has not updated any impairment calculations.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 June 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Listed equity securities	**13,850**	15,573
Unlisted equity investments	**4,314,736**	4,302,405
	4,328,586	4,317,978

The investments mainly represent equity investments in several property management companies. The fair values of these investments were determined mainly based on direct comparison approach by making reference to quoted market price or recent transaction prices of similar deals.

15. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Current assets:		
Trade receivables (a)		
— Related parties	**2,899,365**	2,997,161
— Third parties	**19,058,881**	16,514,024
	21,958,246	19,511,185
Less: allowance for impairment of trade receivables		
— Related parties	**(2,149,112)**	(2,198,613)
— Third parties	**(1,308,279)**	(934,070)
	(3,457,391)	(3,132,683)
	18,500,855	16,378,502
Other receivables		
— Payments on behalf of property owners	**943,282**	913,437
— Deposits	**504,932**	486,340
— Loans to third parties pledged by equities (b)	**1,184,610**	1,184,011
— Receivables from finance leases	**66,027**	66,316
— Others (c)	**1,159,089**	1,212,760
	3,857,940	3,862,864
Less: allowance for impairment of other receivables	**(251,040)**	(220,135)
	3,606,900	3,642,729
Prepayments to suppliers		
— Related parties	**15,721**	14,317
— Third parties	**1,213,554**	1,200,509
	1,229,275	1,214,826
Prepayments for tax	**439,637**	370,054
	23,776,667	21,606,111
Non-current assets:		
Other receivables		
— Receivables from finance leases	**347,347**	162,435

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

(a) Property management services income under lump sum basis, heat supply services income and commercial operational services income are received in accordance with the term of the relevant service agreements. Service income from property management services, heat supply services and commercial operational services are due for payment by the residents upon the issuance of demand note.

For value-added services to non-property owners and city services, customers are generally given a credit term of up to 90 days.

The ageing analysis of the trade receivables based on the invoice date was as follows:

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
0 to 180 days	**9,244,402**	8,813,813
181 to 365 days	**4,014,053**	4,190,985
1 to 2 years	**6,076,731**	5,461,279
2 to 3 years	**2,021,661**	668,626
Over 3 years	**601,399**	376,482
	21,958,246	19,511,185

(b) The Group provided short-term loans to certain third parties pledged by equity interests of property management and property agency services companies in the PRC held by the corresponding parties. The loans to third parties bear interest rate at 6% to 15% per annum. These loans have a term of 2 to 12 months. The reason for the Group to provide such loans to the third parties is for potential acquisitions of equity interests of property management and property agency services companies.

(c) These receivables mainly included current accounts due from third parties, which are mainly interest-free, unsecured and repayable according to contract terms.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Wealth management products (a)	**943,007**	602,323
Investment in a fund (b)	**143,005**	205,401
	1,086,012	807,724

(a) The Group invested in various wealth management products. These products have a term of 3 to 5 years. They have an expected return rate ranging from 2.2% to 4.7%. The fair values of these investments were determined based on the expected returns as stipulated in relevant contracts with the counterparties.

(b) This represented the Group's investment in a fund. The fair value of this investment was determined based on the valuation report provided by the fund manager.

17. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	**Nominal value of shares**	**Equivalent nominal value of shares** *RMB'000*	**Share premium** *RMB'000*	**Total** *RMB'000*
Authorised					
Authorised share capital of USD0.0001 each	10,000,000,000	1,000,000			
At 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024	10,000,000,000	1,000,000			
At 1 January 2023 and 30 June 2023	3,373,127,390	337,312	2,157	27,327,757	27,329,914
At 1 January 2024 and 30 June 2024	**3,343,020,336**	**334,302**	**2,135**	**27,064,723**	**27,066,858**

18. TRADE AND OTHER PAYABLES

	At 30 June 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Trade payables (a)		
— Related parties	**216,572**	210,312
— Third parties	**7,754,752**	7,005,967
	7,971,324	7,216,279
Other payables		
— Deposits	**2,137,557**	2,294,108
— Temporary receipts from properties owners	**3,131,998**	2,873,493
— Considerations payable for business combinations	**5,499**	5,499
— Accruals and others	**1,036,630**	856,651
	6,311,684	6,029,751
Dividend payables	**1,049,203**	–
Payroll payables	**2,259,365**	3,123,369
Contingent considerations for business combinations	**214,683**	214,683
Other taxes payables	**879,463**	852,158
	18,685,722	17,436,240

As at 30 June 2024 and 31 December 2023, the carrying amounts of trade and other payables approximated their fair values.

(a) The ageing analysis of trade payables based on the invoice date was as follows:

	At 30 June 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Up to 1 year	**6,677,933**	6,122,897
1 to 2 years	**863,018**	953,450
2 to 3 years	**332,875**	82,028
Over 3 years	**97,498**	57,904
	7,971,324	7,216,279

19. BANK AND OTHER BORROWINGS

	At 30 June 2024			At 31 December 2023		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Secured:						
Bank loans	**317,974**	**601,512**	**919,486**	614,560	652,135	1,266,695
Other borrowings	**117,778**	**167,963**	**285,741**	114,237	188,501	302,738
	435,752	**769,475**	**1,205,227**	728,797	840,636	1,569,433
Unsecured:						
Bank loans	**1,100**	**–**	**1,100**	–	–	–
Other borrowings	**–**	**–**	**–**	–	115	115
	1,100	**–**	**1,100**	–	115	115
Total bank and other borrowings	**436,852**	**769,475**	**1,206,327**	728,797	840,751	1,569,548

The Group's secured borrowings as at 30 June 2024 was amounted to RMB1,205,227,000 (as at 31 December 2023: RMB1,569,433,000), mainly secured by certain transportation equipment of the Group with net book amount of RMB61,995,000 (as at 31 December 2023: RMB68,021,000) and pledged by rights of collection of several city service projects.

As at 30 June 2024, the Group's bank and other borrowings were repayable as follows:

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
Bank loans		
Within 1 year	**319,074**	614,560
Over 1 year and within 2 years	**89,970**	81,230
Over 2 years and within 5 years	**236,792**	251,646
Over 5 years	**274,750**	319,259
	920,586	1,266,695
Other borrowings		
Within 1 year	**117,778**	114,237
Over 1 year and within 2 years	**25,037**	56,743
Over 2 years and within 5 years	**–**	–
Over 5 years	**142,926**	131,873
	285,741	302,853
	1,206,327	1,569,548

The weighted average effective interest rate for the period ended 30 June 2024 was 5.2% (For the year ended 31 December 2023: 4.59%) per annum.

The carrying amounts of the bank and other borrowings are denominated in RMB.

The carrying amount of the borrowings approximate their fair value, as the impact of discounting using a current borrowing rate is not significant.

20. FINANCIAL GUARANTEE

Caixin Smart Life Services Group Limited ("**Caixin Services**"), a subsidiary of the Company, was acquired by the Group from its original shareholder, Chongqing Caixin Group Co., Ltd. ("**Caixin Group**"), on 30 September 2021 (the "**Acquisition Date**"). In late August 2022, certain bank accounts of Caixin Services were frozen judicially, in light of the fact that Caixin Services provided joint and several guarantee to a trust financing arrangement of Caixin Group prior to the Acquisition Date. The Company was informed by Caixin Group and validated the existence of this obligation after the incident happened.

According to information subsequently obtained, in addition to the pledge of the equity interest of a subsidiary held by Caixin Group, the debts were also secured by another eight guarantors, including: (1) one guarantor providing guarantees by way of asset pledge; and (2) the other seven entities (including Caixin Services) providing joint and several guarantee obligations. As at 30 June 2024, the guarantee amount in relation to the debts was approximately RMB1,026,227,000 (as at 31 December 2023: RMB934,500,000).

Management of the Company represents that: (1) the Caixin Group confirms that, apart from this, Caixin Services provided no other external guarantee prior to the acquisition date; (2) the normal operation of Caixin Services has not been materially and adversely affected; (3) since the engagement with and acquisition of Caixin Services by the Group, Caixin Group has disclosed and undertaken that the guarantee did not exist during the course of due diligence and negotiation of the acquisition agreement, which, at present, is in violation of the relevant covenants and undertakings under the agreement regarding the acquisition of Caixin Services; (4) the Company has actively taken legal proceedings, to protect the Company's legitimate rights and interests. As at 30 June 2024, the amount of restricted bank deposits in the frozen bank accounts of Caixin Services due to the financial guarantee was RMB5,578,000 (as at 31 December 2023: RMB5,385,000). As at 30 June 2024, the Group has assessed that the expected credit losses for the financial guarantee and accordingly made a provision of RMB23,301,000 (as at 31 December 2023: RMB6,598,000). When estimating the expected credit losses of the financial guarantee, management applied estimation under various scenarios of repayment orders after taking into account the lawyer's opinion.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading integrated service provider in the PRC covering diversified business forms. Our business covers many business forms, including services to residential properties, commercial properties, office buildings, industrial parks, multi-purpose complexes, government buildings, hospitals, schools and other public facilities, such as airport terminals, highway service stations and cultural scenic areas. We have won industry-leading customer satisfaction and brand reputation with quality services, as well as gained high recognition in a number of sub-segments of the industry. We have won well-recognized awards in the industry including "2024 Outstanding Companies for Residential Property Services in China" (2024中國住宅物業服務力優秀企業), "2024 Top 100 Leading Property Management Companies in China in terms of Customer Satisfaction" (2024中國物業服務百強滿意度領先企業) and "2024 Best Employer in Property Management Industry in China" (2024中國物業管理行業最佳僱主) granted by China Index Academy; and "2024 TOP 10 Leading Listed Companies of Property Management Companies in China in terms of ESG Sustainability" (2024中國物業管理上市公司領先企業ESG可持續發展TOP10) and "2024 Benchmarking Companies for Characteristic Property Sample of Property Services in China in terms of Community Value-added Services" (2024中國物業服務特色物業樣本標桿企業社區增值服務) granted by CRIC Property Management.

The major business sectors of the Group include: (i) property management services, (ii) community value-added services, (iii) value-added services to non-property owners, (iv) the "Three Supplies and Property Management" businesses, (v) city services and (vi) commercial operational services, which constitute part of our comprehensive services we provide to customers that cover the full range of the value chain in property management.

Property Management Services

We provide property owners, residents and property developers with a series of property management services, including security, cleaning, green landscaping, gardening, repair and maintenance, and other services. During the Period, property management services recorded a revenue of approximately RMB12,751.9 million, representing a year-on-year increase of approximately 4.6% as compared to the same period last year, and its percentage of total revenue increased by approximately 1.8 percentage points to 60.6% as compared to the same period last year.

As at 30 June 2024, apart from the "Three Supplies and Property Management" businesses, our contracted GFA was approximately 1,634.9 million sq.m., and our revenue-bearing GFA was approximately 1,005.6 million sq.m.. In addition, the contracted GFA and revenue-bearing GFA of the property management services of the "Three Supplies and Property Management" businesses were 95.4 million sq.m. and 90.6 million sq.m., respectively. We manage a total of 7,695 property projects. These projects cover 31 provinces, municipalities, autonomous regions in Mainland China and the Hong Kong Special Administrative Region and overseas, with a focus on five key economically developed city clusters, including the Pearl River Delta, the Yangtze River Delta, the middle reaches of the Yangtze River, the Beijing — Tianjin-Hebei Region and the Chengdu-Chongqing Region in China. The percentage of the revenue-bearing GFA of projects in first and second-tier cities amounted to approximately 40.7%.

We insisted on customer satisfaction as the driver for continuous improvement of service quality. We have always attached great importance to the safety and health of our customers, providing them with a solid safety assurance. During the Period, the Group proactively built up safety defences, and completed 1.02 million work orders for inspection and maintenance and 3.12 million work orders for issue reporting and repair requests in respect of facilities and equipment inspection and maintenance. At the same time, the Group actively strengthened its emergency response capability and enhanced the effectiveness of safety drills by completing 100% of Phoenix service managers' training and skills certification in emergency response and care, and organised and completed 7,632 large-scale fire drills and 5,023 lift safety drills. We have increased our investment in community renewal to enhance customer experience in all aspects. We invested approximately RMB270 million in 1,569 projects nationwide, mainly involving upgrading of lift systems, intelligent transformation and rejuvenation of recreational facilities.

We continued to promote the application of digitalisation and artificial intelligence to enhance management efficiency and customer experience. In the first half of the year, we promoted the full implementation of cleaning digitisation, achieving an average increase of 5.6 percentage points in customer satisfaction of cleaning services; we realised the pilot implementation of security digitisation functions, and safeguarded customers' safety with technology; and we promoted the full online launch of digital elevator maintenance platform, with approximately 138,000 elevators launched on the system platform to ensure the safe operation of elevators through on-line supervision, maintenance and operation and to enhance the experience of our customers in riding the elevator. We have orderly advanced the mass production and launch of the cleaning robot "No. 0 Resident (零號居民)". In the first half of the year, we explored the human-machine collaboration model and conducted pilot implementation in projects including residential and office buildings, achieving an improvement in floor cleaning quality and efficiency.

In terms of market expansion, we adhere to our core focus on residential properties and build market competitiveness by focusing on strategic and key cities based on the density of urban residential projects. During the Period, by building a fully staffed and territory-wide expansion network and implementing the application of urban expansion planning, the new contracts and annualized revenue from market entries of our residential sector accounted for approximately 48.7%, representing an increase of nearly 13 percentage points as compared to the same period last year, while the projects located in strategic and key cities accounted for more than 65% of the annualised revenue from new contracts and market entries during the year, demonstrating the initial emergence of our localized market competitiveness. In the second half of the year, we will focus on promoting product innovation and the application of the partnership mechanism.

Community Value-added Services

We are committed to becoming an "integrated whole-cycle community life services operator". By focusing on the family growth cycle of property owners, the property value cycle and the mature development cycle of communities, we strive to provide property owners with comprehensive community life services to meet their needs for asset value preservation and appreciation and daily life needs, so as to enable property owners to experience the beauty of property management services. Community value-added services have been developed as a new engine to drive sustainable and stable growth of the Group. By building a professional team, expanding resource integration capability, collaborating with strong partners from various industries and leveraging our natural advantage as a property management service provider of close proximity to community scenarios, we are promoting the enhancement of the competitiveness of community value-added core business in key cities across the country. During the Period, the Group's revenue from community value-added services was approximately RMB1,997.8 million, and its percentage of total revenue of the Group was approximately 9.5%.

Five major businesses have formed in our community value-added services sector: (i) home services — providing property owners with safe, convenient, professional and considerate full-range home services through a standardized operation system; (ii) community media services — establishing deep connection between consumers and brands through the community media matrix; (iii) local living services — setting up local consumption scenarios for customers and continuously adapting to the needs of property owners to customize diversified life services; (iv) real estate brokerage services — serving the needs of property owners for asset management and further developing second-hand property rental and sale; and (v) community area services — making full use of community space resources and carrying out business with the aim of providing convenience to the life of property owners and improving their sense of happiness in their living.

We adhered to the "1+N+X" community value-added development strategy, starting from the needs of customers' lives, linking with various ecological chain partners, deeply cultivating community value-added services while extending the boundaries of community value-added services, and continuously making efforts in community charging business, near-field retail and other services. The "Smart Enjoy Charging Downstairs (智享樓下充電)" provides a one-stop multi-scenario charging pile equipment and self-developed operation and control platform services, achieving centralized management of equipment, funds and operation and maintenance, improving quality and efficiency. As of June this year, the "Smart Enjoy Charging Downstairs" service has covered 230 cities nationwide, with a cumulative operation of nearly 300,000 charging sockets, providing charging services for more than 2 million users. In terms of the near-field retail business, we developed more than 1,000 distributors in the first half of the year. At the same time, we increased more than 130 hot products through in-depth assistance to farmers and government-enterprise joint traceability, realizing a continuous growth in the number of hot products and distributors in order to support the marketed business of near-field retail.

Value-added Services to Non-Property Owners

During the Period, the revenue from value-added services to non-property owners was approximately RMB355.5 million, and its percentage of the total revenue of the Group further decreased to approximately 1.7%. The value-added services to non-property owners we provide mainly include (i) management consultancy services to property developers for their presale activities, as well as consultancy services for properties managed by other property management companies; (ii) cleaning services, green landscaping, repair and maintenance services to property developers at the pre-delivery stage; (iii) sales and leasing agency services of unsold parking spaces and properties; and (iv) elevator products installation, supporting services and other services.

“Three Supplies and Property Management” Businesses

The Group established a joint venture in 2018 and began to undergo the separation and transfer of property management and heat supply under the “Three Supplies and Property Management” reform. As of 30 June 2024, the contracted GFA and revenue-bearing GFA of the property management services of the “Three Supplies and Property Management” businesses were approximately 95.4 million sq.m. and 90.6 million sq.m., respectively. During the Period, revenue from the property management business was approximately RMB2,467.2 million, and revenue from the heat supply business was approximately RMB877.4 million.

In the first half of the year, we have comprehensively enhanced our competitiveness. On one hand, we have been actively expanding into new businesses such as production technology services and production logistics services for petroleum and petrochemical enterprises. During the Period, we signed 394 new contracted projects with a total contract amount of RMB1,358 million. On the other hand, we proactively promoted thematic activities for quality management improvement, proactively improved the service skills of our staff, revised new service inspection standards and further improved the quality of our property management services.

City Services

The Group is a leading city governance public explorer and city operation service integrator in the PRC. We adhere to our strategy of focusing on new urbanization. We promote the high-quality development of cities through our three core businesses, municipal public services, industrial parks operational services, and city community services. With “improving services and environment to benefit business and people” as core value and with the balance between the comprehensive benefits and long-term benefits of “government-driven” public services in mind, the city services of the Group, by leveraging the resource advantage of our own whole industry chain, provides cities with full-scenario digital solutions for city operation, including smart operation of municipal services, refined city services, long-term management of old communities, city public resources and assets operation, and modern community governance.

During the Period, our city services recorded revenue of approximately RMB2,170.0 million. In the first half of the year, we had 47 new expansion projects with the annualized contract amount for new expansion projects of approximately RMB460 million and total contract amount of approximately RMB1,130 million. In addition, we comprehensively upgraded our corporate service capability for industrial parks, enhanced the operational capability of our special enterprise logistics business form and created a richer service chain for the airport business form.

Commercial Operational Services

The Group provides shopping malls, neighborhood commercial centers, office buildings and other projects with full-chain services such as business planning consulting, tenant sourcing, operation and planning services, mainly including (i) conducting commercial operation and management of the properties owned by leasing developers or property owners; (ii) providing property market research and positioning services to property developers at the investment stage; (iii) providing market research and positioning, business planning consulting, tenant solicitation and opening preparation services to property developers or owners at the preparation stage before the opening of the properties; and (iv) providing tenant solicitation, operation and management services to property owners or tenants at the stage of property operation. During the Period, the Group's commercial operational management business segment recorded a total revenue of approximately RMB331.6 million.

Our commercial operational services formed various product lines, including high-quality one-stop shopping malls "Bele city" (碧樂城), neighborhood center "Bele one" (碧樂匯) and commercial block "Bele time" (碧樂時光). We have over 100 commercial projects with total commercial area of over 5 million sq.m.. During the Period, we have taken full advantage of our own high-quality commercial operational capabilities, huge brand resources library and other advantages and kept promoting third-party expansion. During the Period, we, therefore, have successfully signed contracts for multiple asset-light projects, including Bele time in Kunshan, Suzhou and M3 Bele city in Xi'an, and newly opened projects include Bele city in Youli, Zhuhai.

PROSPECTS AND FUTURE PLANS

Focusing on customer satisfaction and putting more effort into services to improve customer experience

The Group has been committed to the service concepts of "Catering for property owners' urgent needs; addressing property owners' concerns" and "Property owner-oriented", and keeps refining service standards with a focus on the needs of property owners. Driven by the commitment to customer satisfaction, we proactively improve our service quality. We improve customer experience in a targeted way through addressing the pain points in our services, providing customers with quality and warm services at our best efforts.

We will continue to boost the enhancement of our service quality, and dedicate to the "Community Renewal" initiative. We refurbish outdated facilities and improve the ecological landscape, to offer property owners a better living experience and to refresh communities with pleasant colors. People's aspirations for a better life are what drives us forward. Through the enhancement of basic property management services and the integration of digitalisation in management and operation practices and upgrading of services, we are dedicated to elevating customer experience, and building safe, green, smart, culturally-vibrant and resident-friendly communities, transforming property owners' visions of ideal life into an attainable reality.

Upholding the “1+N+X” development strategy to further the implementation of “property services + lifestyle services” model

China is actively encouraging qualified property management companies to cooperate with companies engaging in elderly care, child care, catering and housekeeping to develop the “property services + lifestyle services” model. New models including intelligent security, smart parking and intelligent access control are advocated and promoted to enhance community services and living experience. We actively respond to the national call. For community life, we proactively develop key businesses to offer retailing, laundering and community charging services to make life easier and better, thereby enabling customers to enjoy an ideal and quality life.

We will maintain the posture of “the community’s readiness for serving the residents’ needs”, further promote the “property services + lifestyle services” business model, and expand the service offerings to enhance the sense of happiness of property owners, thereby building our own brand of “integrated whole-cycle community life services operator”. We will keep adhering to the “1+N+X” community value-added development strategy, and further focus on strategic businesses and strengthen our capabilities building. Centering on meeting life demands, we will cooperate with our ecological chain partners to develop community charging, liquor, community insurance and other services along the community service boundary.

Leveraging digital and intelligent IoT application to empower operation for improvement of service quality and management efficiency

The extensive application of intelligent property services has significantly enhanced the efficiency and convenience of property services. It also has dramatically improved the response speed and accuracy of services. Regarding technology as a means for strengthening service efficiency and customer experience, we are actively committed in driving research on digital operation. By leveraging technology, we empower our staff’s service efficiency, continue to optimise customer experience, and build a safer, more convenient, more comfortable and more technological environment for customers, aiming at fostering a smart lifestyle that is both convenient and beneficial to the community.

We will increase the investment in digitalisation, and improve the service quality and management efficiency by the digital and intelligent IoT development applications. We will promote the mass production and launch of the independently developed full-automatic sweeping and mopping robot product “No. 0 Resident (零號居民)”, aiming at solving several pain points of the cleaning business in the current property services industry on a target-oriented basis, reshaping the future of property services industry with intelligent technology. In addition, the intelligent management platform for elevator maintenance we developed can promote the nationwide interconnection of the elevator IoT. We believe that digital operation and the level of intelligence application will improve continuously through the broader application of AI and IoT in the future, also promoting the further deepening of digital application in the industry.

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from (i) property management services, (ii) community value-added services, (iii) value-added services to non-property owners, (iv) "Three Supplies and Property Management" businesses, (v) city services and (vi) commercial operational services.

For the six months ended 30 June 2024, the total revenue increased by approximately 1.5% to approximately RMB21,046.2 million from approximately RMB20,733.1 million for the six months ended 30 June 2023. Among which, the revenue from the third parties increased by approximately 4.8% to approximately RMB20,779.1 million from approximately RMB19,822.5 million for the six months ended 30 June 2023.

Out of the principle of prudence, since August 2023, after the Group has provided services to certain customers with significantly increased credit risks, the Group will only recognise the consideration received as revenue when the Group has fulfilled its contractual obligations and has received the consideration from those customers. The revenue from the third parties for the Period increased by approximately 6.7% to approximately RMB21,143.7 million from approximately RMB19,822.5 million for the six months ended 30 June 2023 excluding such impact.

(I) Property management services

During the Period, the revenue from property management services increased by approximately 4.6% to approximately RMB12,751.9 million from approximately RMB12,187.5 million for the six months ended 30 June 2023, accounting for approximately 60.6% of the total revenue (for the same period in 2023: approximately 58.8%).

The table below sets out the breakdown of our revenue generated from the management of properties developed by the Country Garden Real Estate Group and independent third-party property developers respectively, for the periods indicated:

	For the six months ended 30 June 2024		For the six months ended 30 June 2023	
	Revenue *(RMB'000)*	***(%)***	Revenue *(RMB'000)*	*(%)*
Properties developed by Country Garden Real Estate Group *(Note 1)*	**5,805,825**	**45.5**	5,334,604	43.8
Properties developed by independent third-party property developers	**6,946,029**	**54.5**	6,852,877	56.2
Total	**12,751,854**	**100.0**	12,187,481	100.0

Note 1: Properties developed by Country Garden Holdings Company Limited ("**CG Holdings**" or "**CGH**") and its subsidiaries ("**CGH Group**"), joint ventures and associates (the "**Country Garden Real Estate Group**") independently or jointly with other parties.

As at 30 June 2024, the revenue-bearing GFA of the Group increased by approximately 89.6 million sq.m. from approximately 916.0 million sq.m. for the same period in 2023 to approximately 1,005.6 million sq.m., mainly due to the conversion of the Group's reserved contracted GFA of the properties developed by the Country Garden Real Estate Group into revenue-bearing GFA during the Period, and the increase in revenue-bearing GFA from third parties resulted from the positive expansion.

(II) Community value-added services

During the Period, the revenue from community value-added services increased by approximately 6.0% to approximately RMB1,997.8 million from approximately RMB1,884.2 million for the six months ended 30 June 2023, accounting for approximately 9.5% of the total revenue (for the same period in 2023: approximately 9.1%).

The increase in revenue from community value-added services was mainly attributable to:

(a) During the Period, the revenue from local living services including home decoration intermediate services increased by approximately 28.6% to approximately RMB1,058.8 million from approximately RMB823.4 million for the six months ended 30 June 2023.

(b) During the Period, the revenue from community media services decreased by approximately 7.4% to approximately RMB362.0 million from approximately RMB390.8 million for the six months ended 30 June 2023.

(c) During the Period, the revenue from home services decreased by approximately 4.0% to approximately RMB294.4 million from approximately RMB306.7 million for the six months ended 30 June 2023.

(d) During the Period, the revenue from real estate brokerage services decreased by approximately 35.4% to approximately RMB146.7 million from approximately RMB227.0 million for the six months ended 30 June 2023.

(e) During the Period, the revenue from community area services decreased by approximately 0.3% to approximately RMB135.9 million from approximately RMB136.3 million for the six months ended 30 June 2023.

During the Period, the Group expanded the geographical focus of the goods retail business and vigorously developed its dealer-based purchase and sales model, resulting in an increase in gross goods sales. In addition, during the Period, the community partner model for the liquor business continued to be promoted and replicated, the strategic liquor categories were further enriched, and the sales scale of the community scene based on family banquets continued to grow, which comprehensively supported the increase in revenue from local living services. However, due to the impact of the downturn in the external market, the revenue of the community media business declined as a result of a decline in the volume of the media business contracts and a reduction in the advertising expenditures of customers, and the real estate brokerage business experienced a downturn as a result of a decline in housing sales transactions. As a result of the above-combined impact, the overall community value-added services revenue continued to grow.

(III) Value-added services to non-property owners

During the Period, the revenue from value-added services to non-property owners decreased by approximately 63.4% to approximately RMB355.5 million from approximately RMB971.8 million for the six months ended 30 June 2023, accounting for approximately 1.7% of the total revenue (for the same period in 2023: approximately 4.7%).

The decrease in revenue from value-added services to non-property owners was mainly due to the proactive suppression of the business scale with related parties by the Group.

(IV) Three Supplies and Property Management Businesses

During the Period, the revenue from the "Three Supplies and Property Management" businesses currently includes the revenue arising from property management and other related services and heat supply services.

Among which, the revenue from property management and other related services increased by approximately 30.6% to approximately RMB2,467.2 million from approximately RMB1,888.7 million for the six months ended 30 June 2023, accounting for approximately 11.7% of the total revenue (for the same period in 2023: approximately 9.1%).

The revenue from heat supply services increased by approximately 8.0% to approximately RMB877.4 million from approximately RMB812.2 million for the six months ended 30 June 2023, accounting for approximately 4.2% of the total revenue (for the same period in 2023: approximately 3.9%).

The increase in the revenue from the "Three Supplies and Property Management" business was mainly due to (i) the increase in GFA; and (ii) the active development of innovative businesses by subsidiaries of the Company, including the increase in human resources service and asset operations management service, as well as increase in living related services including merchandising business of establishing supermarkets and community group purchasing, and catering business, which are closely based on the demands from the property owners in the community.

(V) City Services

During the Period, the revenue from city services decreased from approximately RMB2,394.3 million for the six months ended 30 June 2023 to approximately RMB2,170.0 million, representing a decrease of approximately 9.4%, accounting for approximately 10.3% of the total revenue (for the same period in 2023: approximately 11.5%).

The decrease in the revenue from city services was mainly due to the number of projects actually taken up for the city services decreased during the Period because of the Group's voluntary withdrawal from certain sanitation projects due to implementation of quality and health control. The Group will continue to proactively explore high-quality projects, environmental protection business and renewable resources business, to establish new business growth points.

(VI) Commercial Operational Services

During the Period, the revenue from commercial operational services decreased from approximately RMB534.3 million for the six months ended 30 June 2023 to approximately RMB331.6 million, representing a decrease of approximately 37.9%, accounting for approximately 1.6% of the total revenue (for the same period in 2023: approximately 2.6%).

The decrease in the revenue from commercial operational services was mainly due to the strategic considerations for the Group's overall business development. The subsidiaries of the Company negotiated with the Country Garden Real Estate Group for an early termination of the property lease agreements and commercial engagement agreements signed by the end of 2023, which would help reduce the reliance on connected persons for the commercial operational business. The Group will continue to expand the commercial management business to the external market, and to achieve the long-term development of the Group by relying on third-party forces and continue to maintain the independence and marketization of the commercial operational business.

Costs

The Group's costs include (i) staff cost, (ii) cleaning cost, (iii) heat supply cost, (iv) maintenance cost, (v) utilities, (vi) greening and gardening cost, (vii) security expenses, (viii) cost of sales of goods, (ix) transportation cost, (x) office and communication cost, (xi) taxes and surcharges, (xii) employee uniform expenses, (xiii) depreciation and amortisation charges, (xiv) community activities cost, (xv) travelling and entertainment cost, (xvi) construction costs for infrastructure under service concession arrangements, (xvii) other labor outsourcing costs, and (xviii) others. During the Period, the costs were approximately RMB16,592.8 million, representing an increase of approximately 6.5% as compared to approximately RMB15,575.5 million for the six months ended 30 June 2023. The increase in costs was mainly due to combined impact of the amount of the increase in related costs as a result of the growth in the Group's property management services, community value-added services and "Three Supplies and Property Management" business, exceeding by the amount of the decrease in cost related to value-added services to non-property owners, commercial operational services business and city services business.

Gross Profit and Gross Profit Margin

During the Period, the overall gross profit decreased by approximately RMB704.3 million to approximately RMB4,453.4 million from approximately RMB5,157.7 million for the six months ended 30 June 2023, representing a decrease of approximately 13.7%.

During the Period, the overall gross profit margin decreased by 3.7 percentage points to approximately 21.2% from approximately 24.9% for the six months ended 30 June 2023. The overall gross profit margin decreased mainly due to (i) out of the principle of prudence, since August 2023, after the Group has provided services to certain customers with significantly increased credit risks, the Group will only recognise the consideration received as revenue when the Group has fulfilled its contractual obligations and has received the consideration from those customers; and (ii) reasons such as the effect of external adverse factors, business management factors, and the differences of gross profit margins among various businesses coupled with the changes of their percentage in the total revenue respectively, and the fact that the Group has proactively improved the service qualities, as a result, there is a decrease in the gross profit margin of the Group's businesses except the property management and other related services in respect of the "Three Supplies and Property Management".

The adjusted gross profit margin was 25.3% (for the same period in 2023: 27.4%) excluding the impact of amortisation charges of intangible assets – contracts and customers relationships and brands – arising from mergers and acquisitions and the reason (i) for the decrease in gross profit margin as stated above.

(i) Property management services

During the Period, the gross profit margin of property management services decreased by 3.1 percentage points to approximately 22.9% from approximately 26.0% for the six months ended 30 June 2023.

The decrease in gross profit margin of property management services was mainly due to (i) out of the principle of prudence, since August 2023, after the Group has provided services to certain customers with significantly increased credit risks, the Group will only recognise the consideration received as revenue when the Group has fulfilled its contractual obligations and has received the consideration from those customers; and (ii) the increase in the Group's costs for cleaning, green landscaping and gardening to enhance the quality of its projects, as well as the integrated renovation and management measures for old neighbourhoods.

The adjusted gross profit margin of property management services decreased by 0.7 percentage point to approximately 28.5% from approximately 29.2% for the six months ended 30 June 2023 excluding the impact of amortisation charges of intangible assets — contracts and customer relationships and brands — arising from mergers and acquisitions and the reason (i) for the decrease in gross profit margin of property management services as stated above.

(ii) Community value-added services

During the Period, the gross profit margin of community value-added services decreased by 9.7 percentage points to approximately 39.0% from approximately 48.7% for the six months ended 30 June 2023.

The decrease in gross profit margin of community value-added services was mainly due to changes in business structure, reflected primarily by the impact of changes in the external environment and the downturn in the real estate industry, resulting in a year-on-year decrease in the contract unit price and volume of contracts signed for community media business, which has higher gross profit; meanwhile, during the Period, the retail business was in the process of constructing dealer model, which involves the establishment of supply chain teams and frontline operation teams, with the strategy of input before output, resulting in a decrease in gross profit margin as compared with the original agency model, although the dealer model has brought increased sales revenue and gross profit, it has not reached the expected level yet.

(iii) Value-added services to non-property owners

During the Period, the gross profit margin of value-added services to non-property owners decreased by 19.7 percentage points to approximately -6.5% from approximately 13.2% for the six months ended 30 June 2023.

The decrease in the gross profit margin of value-added services to non-property owners was mainly due to (i) out of the principle of prudence, since August 2023, after the Group has provided services to certain customers with significantly increased credit risks, the Group will only recognise the consideration received as revenue when the Group has fulfilled its contractual obligations and has received the consideration from those customers; and (ii) the cessation of the relevant business but with a lag in the adjustment of the relevant costs.

The adjusted gross profit margin of value-added services to non-property owners decreased by 11.5 percentage points to approximately 1.8% from approximately 13.3% for the six months ended 30 June 2023 excluding the impact of amortisation charges of intangible assets – contracts and customer relationships and brands – arising from mergers and acquisitions and the reason (i) for the decrease in gross profit margin of value-added services to non-property owners as stated above.

(iv) Three Supplies and Property Management Business

During the Period, for the "Three Supplies and Property Management" business, the gross profit margin of property management and other related services increased from approximately 7.2% for the six months ended 30 June 2023 to approximately 9.7%, representing an increase of 2.5 percentage points.

The increase in the gross profit margin of the property management and other related services under the "Three Supplies and Property Management" business was mainly due to the implementation of the cost savings as a result of the implementation of governance towards loss-making residential properties projects and the enhancement of refined management during the Period.

During the Period, for the "Three Supplies and Property Management" business, the gross profit margin of heat supply services increased from approximately 8.3% for the six months ended 30 June 2023 to approximately 6.7%, representing a decrease of 1.6 percentage points.

The decrease in the gross profit margin of heat supply services under the "Three Supplies and Property Management" business was mainly due to the increase in raw material costs for heat supply.

(v) City Services

During the Period, the gross profit margin of city services decreased from approximately 21.1% for the six months ended 30 June 2023 to approximately 16.0%, representing a decrease of 5.1 percentage points.

The decrease in the gross profit margin of city services was mainly due to the phase-out of certain projects during the Period, which led to a lag in cost adjustment.

(vi) Commercial Operational Services

During the Period, the gross profit margin of commercial operational services decreased from approximately 38.4% for the six months ended 30 June 2023 to approximately 31.0%, representing a decrease of 7.4 percentage points.

The decrease in the gross profit margin of commercial operational services was mainly due to the termination of cooperation of certain projects originating from related parties, which resulted in a lag in cost adjustment. Also, the newly developed third-party projects during the Period are still in the pre-opening preparation stage and have not been leased out to the public, resulting in a low overall occupancy rate. Due to the existing upfront cost input, the overall gross profit margin decreased.

Selling and Marketing Expenses

During the Period, selling and marketing expenses were approximately RMB185.1 million, representing an increase of approximately 18.7% as compared with approximately RMB155.9 million for the six months ended 30 June 2023. The increase in selling and marketing expenses was mainly due to the increase in promotion expenses resulted from the growth in insurance brokerage business of the Group.

General and Administrative Expenses

During the Period, general and administrative expenses were approximately RMB1,793.9 million, representing a decrease of approximately 1.2% as compared with approximately RMB1,815.6 million for the six months ended 30 June 2023. The percentage of general and administrative expenses decreased by 0.3 percentage point from approximately 8.8% for the same period in 2023 to approximately 8.5%.

In addition, the adjusted percentage of general and administrative expenses decreased by 0.6 percentage point from approximately 9.2% for the same period in 2023 to approximately 8.6% excluding the expense of share options.

The decrease in the percentage of general and administrative expenses was mainly due to the optimization, integration and adjustment of the Group's organizational structure, the centralised management, and the enhancement of economies of scale.

Other Income

During the Period, other income was approximately RMB117.5 million, representing a decrease of approximately 58.3% as compared with approximately RMB281.9 million for the six months ended 30 June 2023.

The decrease in other income was mainly due to the decrease in government subsidy during the Period and dividend income generated from equity investments in certain entities as compared to the same period last year.

Other (Losses)/Gains — Net

During the Period, other (losses)/gains — net were approximately RMB-119.7 million, representing a decrease of approximately RMB214.5 million as compared with approximately RMB94.8 million for the six months ended 30 June 2023.

The decrease in other (losses)/gains — net was mainly due to the decrease in the valuation of the funds held by the Group as a result of fluctuations in market conditions and the decrease in the gains of wealth management products as compared with the same period last year, as well as the losses resulted from the disposal of certain subsidiaries during the Period.

Finance Income — Net

During the Period, finance income — net was approximately RMB3.5 million, representing an increase of approximately RMB1.1 million compared with approximately RMB2.4 million for the six months ended 30 June 2023.

The increase in finance income — net was mainly due to the decrease in interest expenses from lease liabilities during the Period as compared with that of the same period last year.

Income Tax Expense

During the Period, income tax expense was approximately RMB488.2 million, representing a decrease of approximately 37.4% compared to approximately RMB779.7 million for the six months ended 30 June 2023.

The decrease in income tax expense was mainly due to the decrease in total profit before tax of the Group during the Period.

Profit for the Period

During the Period, the net profit of the Group was approximately RMB1,545.6 million, representing a decrease of approximately 37.9% compared to approximately RMB2,488.6 million for the six months ended 30 June 2023.

During the Period, the profit attributable to the owners of the Company was approximately RMB1,440.4 million, representing a decrease of approximately 38.7% compared to approximately RMB2,351.2 million for the six months ended 30 June 2023.

During the Period, the profit attributable to the non-controlling interests of the Company was approximately RMB105.2 million, representing a decrease of approximately 23.4% compared to approximately RMB137.4 million for the six months ended 30 June 2023.

During the Period, the core net profit attributable to the owners of the Company* was approximately RMB1,840.0 million, representing a decrease of approximately 31.7% compared to approximately RMB2,695.3 million for the six months ended 30 June 2023.

Net Cash Generated from Operating Activities during the Period

During the Period, the Group recorded net cash generated from operating activities of approximately RMB270.3 million, representing a decrease of approximately 87.7% compared to approximately RMB2,192.0 million for the six months ended 30 June 2023. Such significant decrease was primarily attributable to (i) the year-on-year decrease in net profit during the six months ended 30 June 2024; (ii) the year-on-year decrease in consolidated charging rates due to risky customer business and lower-than-scale growth in charging from small landlords, which in turn led to an increase in trade receivables; a decrease in prepaid property fees due to unfavorable factors such as the external environment; and (iii) phased capital fluctuations arising from ordinary operating activities.

Nevertheless, maintaining a sound cash flow remains one of the Company's core objectives, the aforesaid changes are expected to have a short-term phased impact, and the Group has established a debt recovery committee and has taken active measures to collect overdue receivables (including but not limited to offsetting debts with assets, legal or arbitration initiatives) and has initially achieved results, believing that relevant measures will be gradually implemented and bring in cash inflow.

* *Core net profit attributable to the owners of the Company excluding share-based payment expenses, unrealised gains or losses from financial assets at fair value through profit or loss, amortisation charges of intangible assets – contracts and customer relationships, insurance brokerage licenses and brands arising from mergers and acquisitions and impairment of goodwill and other intangible assets, impairment of loans to third parties pledged by equities, losses from disposal of subsidiaries, expected losses on external guarantee and impairment of receivables from related parties.*

In the future, the Group will continue its efforts to improve the consolidated charging rates of its businesses through various measures, including continuing to strengthen its basic service capabilities to increase the collection rate from owners, Through innovative measures such as integrated marketing, the Group will promote the prepayment of property management service fees, strengthen the collection of outstanding long aged fees for property management services and introduce more aggressive and effective internal incentive measures. In addition, the Group will strengthen the management of phased capital fluctuations, implement stringent capital operation and period management, and dynamically track cash outflows to match the costs scale, with a view to gradually improving the level of cash flow from operating activities during the year and striving to achieve the preset targets.

Intangible Assets

The intangible assets of the Group mainly comprise goodwill arising from equity acquisitions, contracts and customer relationships, software assets, insurance brokerage licenses, brands and concession intangible assets.

As at 30 June 2024, the intangible assets of the Group were approximately RMB23,360.7 million, representing a decrease of approximately RMB566.6 million compared to approximately RMB23,927.3 million as at 31 December 2023, which was mainly due to the provision of amortization for the current period.

Financial Assets at Fair Value through Other Comprehensive Income

Financial assets at fair value through other comprehensive income include equity investments in certain entities.

As at 30 June 2024, the balance of financial assets at fair value through other comprehensive income of the Group was approximately RMB4,328.6 million, representing an increase of approximately RMB10.6 million compared to approximately RMB4,318.0 million as at 31 December 2023, which was mainly due to the increase in the valuation of certain investment of the Group during the Period.

Trade and Other Receivables

Trade and other receivables include trade receivables, other receivables, prepayments to suppliers and prepayments for tax.

As at 30 June 2024, the Group recorded net trade receivables of approximately RMB18,500.9 million, representing an increase of approximately RMB2,122.4 million compared to approximately RMB16,378.5 million as at 31 December 2023, due to the progress of the consolidated fees from each business to be improved, which is mainly attributable to the long payment period of customers for property management services and city services of the Group, and the increase in the revenue scale of the "Three Supplies and Property Management" business resulted in the increase in the corresponding trade receivables.

As at 30 June 2024, the Group recorded trade receivables from the CGH Group of approximately RMB2,671.2 million, representing a decrease of approximately RMB86.7 million compared to approximately RMB2,757.9 million as at 31 December 2023, and approximately RMB68.6 million of the total expected credit loss provision for the trade receivables from the CGH Group was thus reversed accordingly.

The net other receivables was approximately RMB3,954.2 million as at 30 June 2024, representing an increase of approximately RMB149.0 million compared to approximately RMB3,805.2 million as at 31 December 2023, which was mainly due to the increase in receivables from finance leases, deposits and utilities payments on behalf of property owners.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include investments in wealth management products and a closed-end fund.

As at 30 June 2024, the balance of financial assets at fair value through profit or loss of the Group amounted to approximately RMB1,086.0 million, representing an increase of approximately RMB278.3 million as compared with approximately RMB807.7 million as at 31 December 2023, which was mainly due to the increase in the purchase of certain stable wealth management products by the subsidiaries of the Group to increase their earnings on idle funds.

Contract Liabilities

The contract liabilities mainly arose from the advance payments made by customers for property management services and community value-added services, which are yet to be provided.

The contract liabilities decreased from approximately RMB7,591.5 million as at 31 December 2023 to approximately RMB7,359.2 million as at 30 June 2024, representing a decrease of approximately RMB232.3 million, which was mainly due to the amount of contract liabilities for the Period less than the amount carried forward as revenue, and the scale of advance receipt will continue to increase in the future.

Trade and Other Payables

Trade and other payables include trade payables, other payables, dividend payables, contingent consideration for business combination, payroll payables and other tax payables.

Trade payables primarily represent payables for goods or services that have been acquired in the ordinary course of business from suppliers, including purchase of goods, materials and utilities as well as purchase from sub-contractors.

As at 30 June 2024, trade payables of the Group were approximately RMB7,971.3 million, representing an increase of approximately RMB755.0 million compared to approximately RMB7,216.3 million as at 31 December 2023, primarily due to the increase in the costs of sales resulted in the increase in the related goods and material procurement costs, labor outsourcing costs and utility fees.

Other payables primarily include (i) deposits from property owners in relation to interior decorations; (ii) temporary receipts of fees from property owners (mainly consisting of utilities fees collected from property owners and income generated from common area value-added services that belongs to property owners); (iii) outstanding considerations payable for business combinations; and (iv) accruals and others (mainly in relation to payables to third parties and advances).

Other payables increased from approximately RMB6,029.8 million as at 31 December 2023 to approximately RMB6,311.7 million as at 30 June 2024, primarily due to the increase in the entrusted collection of payment from property owners.

Capital Management

As at 30 June 2024, the bank and other borrowings of the Group amounted to approximately RMB1,206.3 million (31 December 2023: approximately RMB1,569.5 million). All borrowings due during the Period were repaid on time.

As at 31 December 2023 and 30 June 2024, the gearing ratio of the Group was maintained at net cash position.

Liquidity, Financial and Capital Resources

As at 30 June 2024, total bank deposits and cash (including restricted bank deposits) of the Group were approximately RMB12,290.3 million, representing a decrease of approximately RMB649.0 million as compared with approximately RMB12,939.3 million as at 31 December 2023. Total bank deposits and cash were denominated in the following currencies:

	30 June 2024		31 December 2023	
	(RMB'000)	***(%)***	*(RMB'000)*	*(%)*
RMB	**11,037,981**	**89.8**	12,615,141	97.5
HKD	**1,139,054**	**9.3**	195,269	1.5
Other currencies	**113,247**	**0.9**	128,867	1.0
	12,290,282	**100.0**	12,939,277	100.0

Out of the total bank deposits and cash of the Group, restricted bank deposits of approximately RMB304.8 million (31 December 2023: approximately RMB302.1 million) mainly represented judicially frozen funds and the cash deposits in bank as performance security for property management services according to the requirements of the local government authorities and the deposits made as performance security for business contracts of Manguo and Fujian Dongfei Environment Group Co., Ltd. (福建東飛環境集團有限公司) ("**Fujian Dongfei**"), the subsidiaries of the Group.

As at 30 June 2024, the net current assets of the Group were approximately RMB10,218.1 million (31 December 2023: approximately RMB9,485.9 million). The current ratio (current assets/current liabilities) of the Group was approximately 1.4 times (31 December 2023: 1.4 times).

Key Risk Factors and Uncertainties

The following content lists out the key risks and uncertainties confronted by the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

Industry Risk

The Group's businesses are affected by the overall economy, market conditions and the policies and regulations of the property management industry. When there are changes in economic conditions that lead to fluctuations in the consumption levels and purchasing power of businesses and individuals, these fluctuations may affect the Group's business operations and collection of payments for businesses. When there are significant changes in the PRC real estate market that exceed expectations, these changes may affect the growth of the Group's revenue-bearing GFA and related revenue growth. When the government adjusts policies and regulations for property management industry, these adjustments may have a significant impact on the business strategies of property enterprises including the Group, service offerings and charging standards.

Business Risk

The Group's ability to maintain or improve the Group's current level of profitability depends on the Group's ability to control operating costs (particularly labour costs) and the Group's profit margins and results of operations may be materially and adversely affected by the increase in labour or other operating costs; the Group may not procure new property management services contracts as planned or at desirable pace or price; the Group may not be able to collect property management fees from customers and as a result, may incur impairment losses on receivables; termination or non-renewal of a significant number of the Group's property management services contracts could have a material adverse effect on the business, financial position and results of operations.

Foreign Exchange Risk

The Group's businesses were principally located in the PRC. Except for bank deposits, trade receivables, closed-end funds and equity investments in an entity denominated in foreign currencies, the Group was not subject to any other material risk directly relating to foreign exchange fluctuations. The management will continue to monitor the foreign exchange exposure, take prudent measures and develop hedging strategies as appropriate to reduce foreign exchange risks.

Employees and Remuneration Policies

As at 30 June 2024, the Group had 206,209 employees (31 December 2023: 213,712 employees). During the Period, the total staff costs were approximately RMB7,588.9 million.

The remuneration package of the employees includes salary, bonus and other cash subsidies. Employees are rewarded on a performance-related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry and prevailing market conditions, in accordance with the policy of the Group on compensation and welfare.

The Group is subject to social insurance contribution plans or other pension schemes prescribed by the local governments and is required to pay on behalf of its employees, monthly social insurance funds covering pension fund, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance, and the housing provident fund, or to contribute regularly to other mandatory provident fund schemes on behalf of its employees.

Share Option Scheme

During the Period, the number of lapsed share options under the Share Option Scheme approved and adopted by the Shareholders of the Company on 28 September 2020 (the "**2020 Share Option Scheme**") was 3,091,000, and no share options were granted, exercised, cancelled or lapsed under the 2020 Share Option Scheme.

On 9 July 2024, the Shareholders of the Company have approved and adopted the share option scheme (the "**2024 Share Option Scheme**") and the Board of the Company has resolved to terminate the 2020 Share Option Scheme and cancel the 24,792,000 share options granted but not yet exercised under the 2020 Share Option Scheme. On 22 July 2024, the Company made an offer to grant a total of 225,350,000 share options to 60 employee participants under the terms of the 2024 Share Option Scheme.

The Board shall have the power to manage the 2024 Share Option Scheme and its decisions, interpretations or effects on all matters relating to the 2024 Share Option Scheme shall be final and binding on all parties, and the Board shall have the power to authorize any Director to exercise any or all of the powers to manage the 2024 Share Option Scheme, including but not limited to the selection of eligible participants and the grant of share options to grantees under the 2024 Share Option Scheme, subject to the terms and articles stipulated in the 2024 Share Option Scheme.

Employee Training and Development

The Group focuses on building a comprehensive and multi-dimensional talent cultivation system to meet the development needs of employees at all stages of their career. In 2024, the Group planned the "organisation-level learning" based on the needs of staff capacity cultivation, aiming to build an organisation-wide on-demand learning model, promoting organisation-wide capacity iteration through digitalisation, and realising effective support for business objectives.

In order to enhance the ability of employees to cope with the current business changes, the Group has newly upgraded its digital learning platform "BIXUETANG College (碧學堂)" by introducing external high-quality course resources and developing appropriate online courses for employees at all levels. Meanwhile, in order to support business development more efficiently, the Group has planned regular learning programmes such as "One Moment (一刻堂)" and "Regular Meeting Learning (例會學習)". As of 30 June 2024, the cumulative number of online courses in "BIXUETANG College" was 728, and the cumulative number of learning hours of employees was 807,461 hours.

In order to enhance the ability of core management cadres to solve future business challenges, the Group planed talent cultivation projects such as the "Rising Stars Programme (新銳計劃)", "Excellence Programme (卓越計劃)" and "Domain Programme (領域計劃)" for key groups, and comprehensively enhanced the business and management capabilities of employees by constructing key position profiles and evaluation systems, identifying shortcomings in their abilities, and matching them with training and learning programmes. In addition to regular training, the Group also organised "ESG learning" for staff at all levels to help the Group achieve its strategic goals for sustainable development.

In addition, the Group was approved as the "Guangdong Province Industry-Education-Assessment Skills Ecological Chain Master Cultivation Unit (廣東省產教評技能生態鏈鏈主培育單位)" in June 2024. In the future, the Company will liaise with the upstream and downstream industrial chains to develop the apprenticeship system for tertiary education students and social vocational skills assessment, so as to continue to cultivate more excellent talents for the enterprises and the society.

Charge on Assets

As at 30 June 2024, several subsidiaries of the Group carried out borrowing and sale and leaseback financing loan business with banks and financial leasing companies to meet their respective daily operational needs. These were mainly secured by rights of collection of certain of their respective city service projects and certain equipment.

Contingent Liabilities

Please refer to note 18 to the interim financial information in this announcement for details of contingent liabilities as at 30 June 2024, which were contingent considerations arising from business combinations. Save as disclosed, the Group did not have any other contingent liabilities.

Interim Dividends

The final dividend of the Company for the year ended 31 December 2023 of RMB2.19 cents (equivalent to HKD2.41 cents) per share and the special dividend of RMB27.27 cents (equivalent to HKD29.94 cents) per share, totaling approximately RMB984,854,000, were approved at the annual general meeting held on 6 June 2024 and will be paid in cash in HKD on or around 30 August 2024.

The Board has decided not to declare an interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

External Guarantee

As at 30 June 2024, save as disclosed in note 20 to the interim financial information in this announcement, the Group did not have any other external guarantee.

Material Acquisitions, Disposals and Significant Investments

During the Period, the Group had no material acquisitions or disposals and no individually significant investments.

MAJOR EVENTS DURING THE PERIOD

(1) The Termination of the Strategic Cooperation Agreement and the Possible Acquisition and (2) the End of the Offer Period

Unless the context requires otherwise, capitalised terms used in this section shall bear the same meanings as defined in the joint announcement of the Company and Hopefluent Group Holdings Limited ("**Hopefluent**") dated 7 February 2024.

On 7 February 2024, the parties to the Strategic Cooperation Agreement (Country Garden Property Services HK Holdings Company Limited ("**CG Property Services HK**"), Mr. Fu Wai Chung (the executive director and controlling shareholder of Hopefluent), China-net Holding Ltd. and Hopefluent) entered into the Termination Agreement to terminate the Strategic Cooperation Agreement after considering, among other matters, the prevailing market conditions, recent volatility in the capital markets, changes in the parties' expectation with respect to the implementation timeframe of the subject transactions and the underlying strategic and cooperation objectives, and hence the subscription will not proceed. For the above reasons, the discussion between CG Property Services HK and China-net Holding Ltd. with respect to the possible acquisition has also been terminated and will not proceed. Pursuant to the Termination Agreement, all antecedent obligations and liabilities of CG Property Services HK, Mr. Fu Wai Chung, China-net Holding Ltd. and Hopefluent under the Strategic Cooperation Agreement shall be absolutely released and discharged in all aspects with immediate effect.

Despite the termination, the parties expect to continue to engage in amicable discussions to explore plans to deepen the long-term strategic cooperation between the Group and the Hopefluent (together with its subsidiaries) with a view to achieving business synergies in the realm of real estate agency services.

For the purpose of the Codes on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission of Hong Kong, the offer period commenced on 6 November 2023 and ended on 7 February 2024. Please refer to the joint announcement of the Company and Hopefluent dated 7 February 2024 for further details.

(1) Resignation of Executive Director; (2) Appointment of Independent Non-Executive Director; (3) Change of Board Committee Members; and (4) Change of Joint Company Secretary and Authorised Representative

Mr. GUO Zhanjun (郭戰軍) ("**Mr. GUO**") has resigned from his position as an executive Director and a member of the environmental, social and governance committee of the Company with effect from 3 April 2024 in order to devote more time to focus on the human resources management and marketing management of the Group as a result of the adjustment of the Group's internal work division. Mr. ZHAO Jun (趙軍) has been appointed as an independent non-executive Director and a member of the audit committee, nomination committee and environmental, social and governance committee of the Company with effect from 3 April 2024. Ms. YANG Huiyan (楊惠妍) and Mr. CHEN Weiru (陳威如) have been appointed as members of the environmental, social and governance committee of the Company, all with effect from 3 April 2024. Mr. HUANG Peng (黃鵬) has resigned from his position as the joint company secretary of the Company (the "**Joint Company Secretary**") and the authorised representative of the Company (the "**Authorised Representative**") pursuant to Rule 3.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") with effect from 3 April 2024 in order to devote more time on his duties as the executive president and chief financial officer of the Company, including being responsible for the Group's new strategic incubation businesses as well as financial management matters etc. Mr. CHEN Dilin (陳迪霖) has been appointed as the Joint Company Secretary and the Authorised Representative with effect from 3 April 2024. Please refer to the announcement of the Company dated 3 April 2024 for further details.

EVENT SUBSEQUENT TO THE REPORTING PERIOD

Adoption of the 2024 Share Option Scheme and Termination of the 2020 Share Option Scheme

On 3 April 2024, the Board proposed to terminate the 2020 Share Option Scheme, which is conditional upon the passing of the resolution(s) by the Shareholders regarding the 2024 Share Option Scheme. Adoption of the 2024 Share Option Scheme was subsequently approved by the Shareholders at an extraordinary general meeting of the Company held on 9 July 2024. On the same day, the Board has resolved to terminate the 2020 Share Option Scheme and to cancel the 24,792,000 outstanding options granted but not yet exercised under the 2020 Share Option Scheme. Please refer to the the announcements of the Company dated 3 April 2024 and 9 July 2024, and the circular of the Company dated 19 June 2024 for further details.

Amendments to the Equity Transfer Agreements and the Performance Guarantees in relation to the Acquisition of a total of 60% Equity Interest in Fujian Dongfei

On 22 July 2024, Country Garden Life Services Group Co., Ltd. ("**CG Life Services**") and CG Property Services HK entered into a supplemental agreement (the "**Supplemental Agreement**") with, among others, Fuzhou Dingrong Environmental Protection Technology Co., Ltd. and One Supreme Limited ("**One Supreme**"). As Fujian Dongfei failed to fulfill one of the performance guarantees set out in the equity transfer agreements entered into by the relevant parties on 30 October 2020 (the "**Equity Transfer Agreements**"), One Supreme will make payment by way of compensation through equity interest and transfer its 25% equity interest in Genuine Investment Group Limited to CG Property Services HK at nil consideration pursuant to the Equity Transfer Agreements as amended by the Supplemental Agreement. Upon completion of the equity interest compensation transaction, the Company will indirectly hold an aggregate of 67.5% effective shareholding in Fujian Dongfei. Please refer to the announcement of the Company dated 22 July 2024 for further details.

Grant of Share Options

On 22 July 2024, the Company offered to grant a total of 225,350,000 share options to 60 employee participants which comprise two Directors, to subscribe for an aggregate of 225,350,000 ordinary shares of US$0.0001 each in the share capital of the Company under the terms of the 2024 Share Option Scheme adopted by the Company on 9 July 2024, subject to the acceptance of the grantees and the payment of consideration for accepting the offer of HK$1.00 by the grantees upon acceptance of the share options. Please refer to the announcement of the Company dated 22 July 2024 for further details.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with Rule 3.21 of the Listing Rules, where at least one member possesses appropriate professional qualifications in accounting or related financial management expertise in discharging the responsibility of the audit committee. The membership of the audit committee consists of four independent non-executive Directors, namely, Mr. RUI Meng, Mr. MEI Wenjue, Mr. CHEN Weiru and Mr. ZHAO Jun. Mr. RUI Meng is the chairman of the committee. The primary duties of the audit committee include assisting the Board in providing an independent view of the effectiveness of the Group's financial reporting process, internal control and risk management system and overseeing the audit process.

The audit committee has reviewed the unaudited interim results for the Period and the significant accounting policies and standards adopted by the Group and reviewed the risk control and internal audit report submitted by the management. In addition, the independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim financial information for the Period 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.

CORPORATE GOVERNANCE CODE

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

During the six months ended 30 June 2024, the Company had complied with all applicable code provisions set out in the Corporate Governance Code.

ESTABLISHMENT OF THE DEBT RECOVERY COMMITTEE

The Board of the Company announced that a debt recovery committee was established with effect from 22 August 2024. On the same date, two executive Directors (including the President), one independent non-executive Director and two members of the core management have been appointed as members of the Debt Recovery Committee and the President and executive Director has been appointed as the chairman of the committee.

The purpose of establishing the debt recovery committee is to facilitate the timely recovery of the Group's trade receivables, to improve the efficiency of decision-making and execution of matters relating to the recovery of the Group's trade receivables, to safeguard the operating cash flow, to assist the Board of the Company in maintaining a sound and effective risk management and internal control system for effective risk prevention, and to report to the Board on a regular basis on the progress of the recovery process, and to recommend to the Board of Directors to take appropriate corporate actions as and when appropriate to protect the interests of the Shareholders of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 its code of conduct regarding securities transactions by its Directors and employees (the "**Securities Dealing Code**"). The Company has made specific enquiries to all Directors on whether the Directors have complied with the required standard as set out in the Model Code during the six months ended 30 June 2024 and all Directors have confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the Period.

No incident of non-compliance was found by the Company during the six months ended 30 June 2024. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement has been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.bgyfw.com). The Company's 2024 interim report will be despatched to its Shareholders based on the means of receipt and election of language selected by the Shareholders and published on websites of the Stock Exchange and the Company on or before 30 September 2024.

ACKNOWLEDGMENTS

The Company would like to express its deepest gratitude to the Board, the management of the Group and all employees for their hard work, loyal service and contribution. It also thanks the Shareholders, property owners and customers, governments, suppliers, business partners and professional consultants for their continuous support to the Group.

By order of the Board
Country Garden Services Holdings Company Limited
XU Binhuai
President and Executive Director

Foshan, China, 22 August 2024

As of the date of this announcement, the executive directors of the Company are Mr. XU Binhuai (President) and Mr. XIAO Hua. The non-executive director of the Company is Ms. YANG Huiyan (Chairman). The independent non-executive directors of the Company are Mr. MEI Wenjue, Mr. RUI Meng, Mr. CHEN Weiru and Mr. ZHAO Jun.