世茂服務
SHIMAO SERVICE

SHIMAO SERVICES HOLDINGS LIMITED
世茂服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 873)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

RESULTS HIGHLIGHTS

1. Revenue amounted to RMB4,031.8 million, representing a decrease of 1.6% as compared to RMB4,098.1 million for the same period of 2023.

2. Revenue of the Group was derived from four business lines: (i) property management services; (ii) community value-added services; (iii) value-added services to non-property owners; and (iv) city services. During the period, (i) revenue from property management services was approximately RMB2,761.0 million, accounting for approximately 68.5% of the total revenue and representing a period-to-period increase of 5.7% as compared to RMB2,612.6 million for the same period of last year; (ii) revenue from community value-added services amounted to RMB586.7 million, accounting for 14.5% of the overall revenue and representing a period-to-period decrease of 17.3% as compared to RMB709.3 million for the same period of last year; (iii) revenue from value-added services to non-property owners amounted to RMB80.9 million, accounting for 2.0% of the overall revenue and representing a period-to-period decrease of 33.2% as compared to RMB121.1 million for the same period of last year; and (iv) revenue from city services amounted to RMB603.2 million, accounting for 15.0% of the overall revenue and representing a period-to-period decrease of 7.9% as compared to RMB655.1 million for the same period of last year.

3. Gross profit reached RMB811.5 million, representing a period-to-period decrease of 5.9% as compared to RMB862.7 million for the same period of 2023.

4. Operating profit amounted to RMB252.0 million, representing a period-to-period decrease of 6.2% as compared to RMB268.7 million for the same period of 2023.

5. Profit for the period amounted to RMB210.8 million, representing a period-to-period increase of 3.4% as compared to RMB203.9 million for the same period of 2023. During the period, profit attributable to equity holders of the Company was RMB184.0 million, representing a period-to-period increase of 18.9% as compared to RMB154.8 million for the same period of 2023.

6. During the period, basic earnings per share amounted to approximately RMB7.46 cents, representing a period-to-period increase of 17.3% as compared to RMB6.36 cents for the same period of 2023.

7. The Group's cash and cash equivalents, including time deposits with maturity over three months, amounted to RMB4,410.0 million as of 30 June 2024, representing a decrease of 7.9% as compared to RMB4,788.3 million as of 31 December 2023. Such decrease was mainly due to the lower-than-expected recovery rate of service fees and the payment of part of the remaining consideration of equity acquisition.

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present the interim results of Shimao Services Holdings Limited ("Shimao Services" or the "Company", together with its subsidiaries, the "Group") for the six months ended 30 June 2024.

Market and Industry

In the first half of 2024, the new stage of domestic economic development remained, where the national real estate market was still undergoing adjustments, real estate investment and sales were witnessing slight contraction, which weighed on real estate prices. The weak performance of the real estate industry was also reflected in the business development of the property management services industry. With the reduction in gross floor area ("GFA") of overall newly-started and completed residential property, the revenue growth of property management services companies will rather rely on the existing stock of residential market and the expansion of the non-residential market. In the business portfolio of a listed company, the scale of value-added services to non-property owners reduced, the revenue from some real estate-related community value-added services shrank significantly, and the proportion of basic property management services rebounded and became an important growth driver.

The growth model of the property management services industry changed amid the ever-changing market environment. Big players took the lead in shifting their focus to service and quality, catering for customer needs, establishing product benchmarks and shaping service characteristics in order to gain an advantage in market competition for a better market position. By strengthening business capabilities and enhancing management standards, as well as strengthening customer satisfaction and loyalty, the Group built a solid foundation for the development of our diversified value-added services, and continued to expand the scale of our overall business.

Entering 2024, departments at all levels across the country actively introduced favourable policies for the real estate industry, gradually loosened relevant restrictions, and continued to optimise restriction policy on purchases. With the implementation of more favourable policies, the overall demand in the housing market remained relatively stable, but sales of new and second-hand properties showed a divergent trend.

As a back-end service of real estate development, property management services is operated on a continuous basis throughout the life cycle of a real estate project. Quality property management services can enhance the added value of a property and contribute to the preservation and enhancement of asset value.

With the increase in proportion of second-hand property transactions, high-quality property management services will play a more significant role, which will lead to growing awareness of property owners for property management services and higher demand for quality property management services. The industry is presented with new development opportunities, and quality players will be able to continue to expand their share in the residential market.

Meanwhile, the enormous existing non-residential building stock in China also provides a strong impetus for the growth of the property management services industry. In the non-residential sector, higher socialisation rate of logistics services for public institutions (i.e. government-sponsored institutions, such as schools, hospitals and professional associations) will inject new growth momentum into the industry, and leading players may achieve synergies during their development of multiple businesses by leveraging their strengths to effectively expand into sub-sectors such as universities and colleges, hospitals and elderly-care.

In the long run, the property management services industry has the strongest customer base and the most steady customer demand. Whether it is a newly-delivered residential projects, a mature community, an office building or a commercial centre, stable and quality services from property management services companies are the essential element. Property management services companies will be serving and accompanying property owners and customers at all times across business cycles.

By deepening the presence in the community and being committed to creating a warm and harmonious living environment, property management services companies are not only the builders of a better life in cities, but also a key force to enhance the sense of well-being of residents. During the transformation in the industry, we shall be able to achieve long-term substantial development with unwavering confidence, self-enhancement and accumulation of strengths.

Interim Results

During the interim period of 2024, the Group recorded revenue of RMB4,031.8 million, gross profit of RMB811.5 million and net profit of RMB210.8 million. The GFA under management amounted to 246.9 million sq.m. and the contracted GFA reached 332.6 million sq.m.. Gross profit margin was 20.1% and net profit margin was 5.2%.

Healthy Development of Cornerstone Businesses

Property management services is the most important business segment of Shimao Services, which has maintained steady development over the years. Against the overall subdued economic development and the downturn of the real estate industry, property management services still achieved satisfactory results with revenue of RMB2,761.0 million in the first half of 2024, representing a period-to-period increase of 5.7%, which reflected the core competitiveness of the Company. For the first half of 2024, the proportion of residential properties to the project portfolio under management was 58.5%, showing a reasonable structure of project type. Among the residential properties, 73.3% are in first-tier, new first-tier and second-tier cities, with a high proportion of projects in high-performance cities, which can inject greater growth momentum into the diversified value-added services.

Excellent Performance in Market Expansion

In the first half of 2024, Shimao Services endeavoured to enhance its market expansion capabilities. It has established a multi-departmental joint assessment mechanism by setting up an investment and development committee to evaluate the project terms. Stringent quality control and selection of the best among the best have safeguarded the management of the project after delivery and the overall profitability. Shimao Services has identified key cities and focused its efforts on developing markets in dominant regions. In addition, it enhanced the synergies among different business segments, integrated the advantageous resources with characteristics of Shimao Group Holdings Limited ("Shimao Group") and had precise positioning to provide customers with high-quality services and products, so as to achieve better operating results and sustainable development.

In the first half of 2024, projects from third-party bidding expansion achieved additional annualised contract amount of RMB620.1 million and additional contracted GFA of 17.7 million sq.m., with annualised contract amount of RMB230.0 million from projects from market expansion in June 2024 alone, which was a record high in a single month for the Company. In the first half of 2024, 13 projects with an annualised contract amount of more than RMB10 million were acquired from market expansion, including bid-winning benchmark projects such as "China Mobile Guizhou (中國移動貴州公司)", "National Convention and Exhibition Centre (Tianjin) (國家會展中心(天津))" and "Zhejiang University Hainan Advanced Technology and Industrial Innovation Platform (浙江大學海南先進技術與產業創新平台)".

Continuous Upgrade of Cash Flow Management

In the first half of 2024, Shimao Services focused on cash flow management, closely monitored the collection rate of basic property management services and enhanced the recovery rate of diversified value-added services. Shimao Services carried out in-depth analysis of the sticking points and difficulties in recovery and formulated target-oriented measures for different levels and categories. Shimao Services understands its customers' needs and addresses the concerns of property owners. It enhanced the overall service quality to enhance the recovery rate with higher customer satisfaction. In addition, it stepped up efforts into the communication and collaboration across departments and setting higher standards for the overall cash flow control to optimise the collection and recovery systems.

Profitability Enhancement

In the first half of 2024, Shimao Services endeavoured to enhance its operation and management capabilities, focused on its core business, explored new sources of income and cost savings, reduced costs and increased efficiency, and promoted the improvement of profit margins. It focused its management efforts on property management services and relatively mature community value-added services, actively expanded new quality projects, increased the conversion rate of expanded projects and optimised the project portfolio under management. It rebalanced the business lines of community value-added services, strengthened its asset sales capability, enhanced the operational standards of common space management and developed new businesses that cater to the needs of its customers. Shimao Services improved and iterated its cost control system, optimised the procurement price guideline for cities and by levels, and controlled the total costs. Shimao Services enhanced the comprehensive management capability of frontline in order to reduce costs and increase profits. In the first half of 2024, the Group had better performance on various profit margin indicators and achieved a net profit margin of 5.2%, representing an increase of 0.2 percentage point as compared with the same period of last year.

Future Outlook

Superior Quality

Focusing on service quality enhancement, Shimao Services will take the enhancement of "services capabilities" as the purpose and results of all its work based on customer needs. In the residential sector, Shimao Services will further improve its service system and actively create benchmark projects by affordable, basic and upscale types. In the non-residential sector, Shimao Services will further enhance the overall satisfaction level of its customer relationship and establish more non-residential benchmark complexes.

By deeply understanding and capturing the sensitivity of its customers' needs, Shimao Services will form its unique quality services to enhance customer satisfaction. Shimao Services will gradually build a series of representative and distinctive benchmark projects to establish industry reputation, expand industry influence and gather its comprehensive market competitiveness.

Precision Management

Shimao Services will further develop a streamlined and efficient corporate management structure to better enhance and unleash its production capacity, as well as adjusting its management pattern and updating its management philosophy. Shimao Services will strengthen its systematic, standardised and institutionalised management capabilities, set standards and enforce execution. While refining its frontline management to facilitate better service quality, Shimao Services will also strike a balance between cash flow and profitability. Shimao Services will analyse and position the projects under management, adjust and optimise the proportion of residential and non-residential projects in each region, and implement classification and control of profit-oriented projects and cash-flow-oriented projects, so as to realise the healthy and sustainable development of each region and build up the competitiveness of Shimao Services.

Long-term Development

Shimao Services will rapidly enhance its market expansion capabilities. It attaches great importance to customer satisfaction and treats service quality as the core, and actively works on the renewal of projects under management and the expansion of new projects with the focus on residential properties.

Community value-added services will target on business capability enhancement and business segment integration. Shimao Services will develop its brand characteristics and business advantages through renewed models and innovative approaches, which will focus on the daily life and the needs of property owners in the community to provide them with greater convenience. Shimao Services will proactively join hands with Shimao Group to explore resources from various projects, and combine the advantageous internal resources such as home-based elderly care and group catering and canteens, so as to achieve effective development of various community value-added services business.

Social Responsibility

Shimao Services, as an enterprise with a deep sense of social responsibility, always keeps in mind its social responsibility to achieve common prosperity with society, employees, customers and investors, and actively fulfills its responsibility and commitment while pursuing its own development.

With the aim of improving living standards and creating a warm and safe living environment, Shimao Services fully integrates the concept of sustainable development with its day-to-day operation and management, listens to and responds to the expectations and needs of all parties, and actively puts into practice what is beneficial.

Shimao Services constantly examines and optimises its economic, social and environmental impacts, and strives to promote the harmonious coexistence and sustainable development between the enterprise and society, with a view to creating greater comprehensive value.

In the first half of 2024, Shimao Services' ESG rating was upgraded from BB to BBB by Morgan Stanley Capital International (MSCI).

Acknowledgement

In 2024, the domestic economy was still undergoing a period of recovery and transformation and upgrading, with volatile performance in the capital market. On behalf of the Board, I would like to extend my heartfelt gratitude and deepest respect to our shareholders, business partners, local governments, property owners, customers and dedicated staff of Shimao Services for their immense support. Your understanding, support and assistance given to us by joining hands with Shimao Services are very much appreciated.

As the industry is undergoing drastic changes, Shimao Services will embrace the changes with a positive attitude, stay confident, integrate resources, utilise strengths, make every effort to meet new challenges and opportunities and continue to create more value for shareholders.

Hui Sai Tan, Jason
Chairman

Hong Kong, 29 August 2024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business Overview

The Group aims to become a leading comprehensive property management service provider in China, providing property owners with high quality property management services and value-added services tailored to the needs of customers. Currently, the Group has four major business segments: (1) property management services; (2) community value-added services; (3) value-added services to non-property owners; and (4) city services.

As of 30 June 2024, the Group recorded revenue of RMB4,031.8 million and gross profit of RMB811.5 million; net profit of RMB210.8 million and profit attributable to equity holders of the Company of RMB184.0 million. Gross profit margin was 20.1%; net profit margin was 5.2%; and profit margin attributable to equity holders of the Company was 4.6%. Net cash used in operating activities amounted to RMB45.8 million.

As at 30 June 2024, the Group provided a wide variety of services for 1,491 projects, covering various types of customers, including residential, universities and colleges, public buildings, industrial parks and hospitals, etc. The GFA under management amounted to 246.9 million sq.m., and contracted GFA was 332.6 million sq.m..

➢ **PROPERTY MANAGEMENT SERVICES**

- **Representing 68.5% of total revenue and 68.1% of total gross profit**

  In the first half of 2024, the Group's property management services recorded higher revenue with stable profit margins.

  As of 30 June 2024, the Group's revenue from property management services reached RMB2,761.0 million, representing a period-to-period increase of 5.7% as compared to RMB2,612.6 million for the same period of 2023, which was mainly attributable to the Group's proactive market expansion and the increase of GFA under management from third-party bidding expansion, as well as the increase in GFA under management delivered to the Group by Shimao Group, which contributed to the growth in revenue from property management services.

  As of 30 June 2024, gross profit from property management services of the Group was RMB553.1 million, representing a period-to-period increase of 2.1% as compared to RMB541.8 million for the same period of 2023. Gross profit margin was 20.0%, representing a decline of 0.7 percentage point as compared to 20.7% for the same period of 2023. Such decline was mainly due to the Group's increased investment on frontline in the first half of 2024 by focusing on service quality, enhance project management standards and build benchmark projects.

The following table sets forth the Group's revenue, gross profit and gross profit margin from property management services for the six months ended 30 June 2024 and 30 June 2023, respectively:

	For the six months ended 30 June	
	2024	2023
Revenue *(RMB million)*	**2,761.0**	2,612.6
Gross profit *(RMB million)*	**553.1**	541.8
Gross profit margin *(%)*	**20.0%**	20.7%

In the second half of 2024, the Group will focus on enhancing management effectiveness and optimising the portfolio of projects under management, strive to enhance project operation and management capabilities and achieve cost reduction and efficiency improvement. The Group will strictly control frontline management costs, promote energy-efficiency retrofits, reduce energy consumption expenses and enhance the profitability of property management services.

- **Remained stable in management scale**

In the first half of 2024, the Group's management scale remained stable and the overall structure of projects was further enhanced.

As at 30 June 2024, the Group's GFA under management amounted to 246.9 million sq.m., representing a period-to-period decline of 5.3% as compared to 260.7 million sq.m. for the same period of 2023; the Group's contracted GFA was 332.6 million sq.m., representing a period-to-period decline of 3.9% as compared to 346.2 million sq.m. for the same period of 2023. Such decline was mainly attributable to the Group's initiative to optimise the portfolio of projects under management in order to enhance its consolidated competitiveness by exiting certain projects which had more difficulties under management and higher management costs, thereby facilitating the enhancement of the overall quality of projects under management.

As at 30 June 2024, the GFA under management from independent third-party developers was 185.6 million sq.m., accounting for a high proportion at 75.2%; the contracted GFA from independent third-party developers was 256.8 million sq.m., accounting for a high proportion at 77.2%, which was mainly attributable to the continuous enhancement of the Group's market expansion business capabilities, with projects from third-party bidding expansion becoming the most important source of the Group's GFA under management and contracted GFA, fuelling the Group's business development.

The following table sets forth the Group's GFA under management and contracted GFA which were categorised by property developer type as at 30 June 2024 and 30 June 2023, respectively:

	As at 30 June			
	2024		2023	
	Area ***(sq.m. in million)***	**Percentage** ***(%)***	Area *(sq.m. in million)*	Percentage *(%)*
GFA under management	**246.9**	**100%**	260.7	100%
Among which:				
From Shimao Group and its co-developers	**61.3**	**24.8%**	59.7	22.9%
From independent third-party developers	**185.6**	**75.2%**	201.0	77.1%
Contracted GFA	**332.6**	**100%**	346.2	100%
Among which:				
From Shimao Group and its co-developers	**75.8**	**22.8%**	77.6	22.4%
From independent third-party developers	**256.8**	**77.2%**	268.6	77.6%

As at 30 June 2024, the Group's GFA under management of residential properties was 144.5 million sq.m., accounting for 58.5%, representing an increase of 5.3 percentage points as compared to 53.2% for the same period of 2023; contracted GFA of residential properties was 191.8 million sq.m., accounting for 57.7%, representing an increase of 1.8 percentage points as compared to 55.9% for the same period of 2023. Such increase was mainly attributable to the Group's focus on residential properties, stepping up its efforts in expanding quality residential property projects, optimising and adjusting its project portfolio, and increasing the proportion of residential properties, thus contributing to a more rational structure for the overall portfolio.

As at 30 June 2024, 73.3% of the Group's GFA under management were residential property projects located in first-tier, new first-tier and second-tier cities in the PRC. Quality projects under management and steady and healthy management scale not only contributed to the Group's revenue from property management services on an ongoing basis, but also provided the basis for the development and growth opportunities of various community value-added services businesses.

The following table sets forth the Group's GFA under management and contracted GFA which were categorised by property type as at 30 June 2024 and 30 June 2023, respectively:

	As at 30 June			
	2024		2023	
	Area *(sq.m. in million)*	**Percentage** *(%)*	Area *(sq.m. in million)*	Percentage *(%)*
GFA under management	**246.9**	**100%**	260.7	100%
Among which:				
Residential properties	**144.5**	**58.5%**	138.6	53.2%
Non-residential properties	**102.4**	**41.5%**	122.1	46.8%
Contracted GFA	**332.6**	**100%**	346.2	100%
Among which:				
Residential properties	**191.8**	**57.7%**	193.4	55.9%
Non-residential properties	**140.8**	**42.3%**	152.8	44.1%

As of 30 June 2024, the Group's terminated GFA under management amounted to 17.5 million sq.m., representing a period-to-period decrease of 8.4% as compared to 19.1 million sq.m. for the same period of 2023, and the Group's terminated contracted GFA amounted to 17.5 million sq.m., representing a period-to-period decrease of 21.2% as compared to 22.2 million sq.m. for the same period of 2023. Such decrease was mainly due to the optimisation and adjustment of the Group's portfolio of projects under management in order to enhance its overall management efficiency, and the proactive withdrawal of some projects with lower profit margins and limited development potential to improve the quality of the projects under management as a whole. At the same time, the Group strengthened its service quality management to enhance customer satisfaction and reasonably controlled the number of terminated projects.

The following table sets forth the Group's terminated GFA under management and terminated contracted GFA which were categorised by property type for the six months ended 30 June 2024 and 30 June 2023, respectively:

	For the six months ended 30 June			
	2024		2023	
	Area *(sq.m. in million)*	**Percentage** *(%)*	Area *(sq.m. in million)*	Percentage *(%)*
Terminated GFA under management	**17.5**	**100%**	19.1	100%
Among which:				
Residential properties	**5.5**	**31.4%**	9.1	47.6%
Non-residential properties	**12.0**	**68.6%**	10.0	52.4%
Terminated contracted GFA	**17.5**	**100%**	22.2	100%
Among which:				
Residential properties	**5.5**	**31.4%**	10.3	46.4%
Non-residential properties	**12.0**	**68.6%**	11.9	53.6%

Such an adjustment to the project portfolio allowed the Group to attain a better overall project portfolio under management and a more rationalised business structure, which contributed to a further increase in the profit margin level and facilitated its long-term healthy growth.

- **High quality projects from third-party bidding expansion**

In the first half of 2024, against the sluggish market, the Group proactively slowed down its pace of expansion and focused on improving the quality of projects from expansion. The Group won market recognition for its quality services and products. As of 30 June 2024, the Group's annualised contract amount of new projects from third-party bidding expansion reached RMB620.1 million, representing a period-to-period decrease of 14.7% as compared to RMB727.0 million for the same period of 2023; the newly-added contracted GFA was 17.7 million sq.m., representing a period-to-period decrease of 33.0% as compared to 26.4 million sq.m. for the same period of 2023; and the newly-added GFA under management was 9.8 million sq.m., representing a period-to-period decrease of 41.3% as compared to 16.7 million sq.m. for the same period of 2023. The average price of property management fee for new projects from third-party bidding expansion was RMB2.3 per sq.m. per month, which was basically the same as compared to the same period of 2023.

The proportion of contracted GFA of the newly-added residential properties from third-party bidding expansion reached 44.1%, among which brand new residential properties and second-hand residential properties accounting for 17.5% and 26.6%, respectively, which had a positive impact on the average price of property management fee and profit margin.

Under the downturn of real estate market, the Group still attained high performance in annualised contract amount of projects from third-party bidding expansion. The Group continued to enhance the quality of bid-winning projects, which intensified the demonstration effect.

The following table sets forth the Group's newly-added GFA under management and newly-added contracted GFA by projects from third-party bidding expansion which were categorised by property type for the six months ended 30 June 2024 and 30 June 2023, respectively:

	For the six months ended 30 June			
	2024		2023	
	Area ***(sq.m. in million)***	**Percentage** ***(%)***	Area *(sq.m. in million)*	Percentage *(%)*
Newly-added GFA under management	**9.8**	**100%**	16.7	100%
Among which:				
Residential properties	**3.5**	**35.7%**	5.6	33.5%
Non-residential properties	**6.3**	**64.3%**	11.1	66.5%
Newly-added contracted GFA	**17.7**	**100%**	26.4	100%
Among which:				
Residential properties	**7.8**	**44.1%**	11.7	44.3%
Non-residential properties	**9.9**	**55.9%**	14.7	55.7%

➢ COMMUNITY VALUE-ADDED SERVICES

- **Representing 14.5% of total revenue and 19.5% of total gross profit**

As of 30 June 2024, the Group's revenue from community value-added services amounted to RMB586.7 million, representing a period-to-period decrease of 17.3% as compared to RMB709.3 million for the same period of 2023, which was mainly due to (1) a significant reduction in scale of some businesses with most relevance to the real estate industry (such as the carpark asset operation services and the home decoration services) under the impact of the overall downturn of the real estate industry; and (2) the changes in the domestic economic conditions and overall consumption sentiment causing spending of consumer to be more prudent, which posed certain challenges for the community asset management services.

Since May 2024, the Group has adjusted the development direction of community value-added services by focusing on businesses that are closely related to daily life, developing new business models and creating a "5-minute living circle" for customers; and suspended certain businesses with slight edges and low profit margins, such as new retail services. The Group strove to enhance its business capabilities and capture the sensitivity of its customers' needs in order to deepen, refine and optimise its community value-added services.

As of 30 June 2024, the Group's gross profit of community value-added services was RMB158.2 million, representing a period-to-period decrease of 23.5% as compared to RMB206.7 million for the same period of 2023, which was mainly due to the reduction in scale of segment businesses and the change in gross profit structure.

The following table sets forth the Group's revenue from community value-added services by category for the six months ended 30 June 2024 and 30 June 2023, respectively:

	For the six months ended 30 June					
	2024		2023			
	Revenue *(RMB million)*	**Percentage** *(%)*	Revenue *(RMB million)*	Percentage *(%)*	**Change in revenue** *(%)*	**Change in percentage** *(percentage point)*
Community asset management services	**113.7**	**19.4%**	142.4	20.1%	-20.2%	decrease by 0.7 percentage point
Smart scenario solutions	**47.3**	**8.1%**	25.7	3.6%	84.0%	increase by 4.5 percentage points
Carpark asset operation services	**125.6**	**21.4%**	189.0	26.7%	-33.5%	decrease by 5.3 percentage points
Home decoration services	**38.6**	**6.5%**	83.4	11.7%	-53.7%	decrease by 5.2 percentage points
Campus value-added services	**175.8**	**30.0%**	196.9	27.8%	-10.7%	increase by 2.2 percentage points
Elderly care services	**85.7**	**14.6%**	71.9	10.1%	19.2%	increase by 4.5 percentage points
Sub-total of community value-added services	**586.7**	**100%**	709.3	100%	-17.3%	N/A

- ***For community asset management services, revenue was RMB113.7 million, representing a period-to-period decrease of 20.2% as compared to RMB142.4 million for the same period of 2023***

  In the first half of 2024, revenue was affected by a number of factors, including the overall market downturn in the real estate sector and shift in consumption trends due to changes in the economic conditions, which resulted in weakened customer demand for community common space services and indoor services.

- ***For smart scenario solutions, revenue was RMB47.3 million, representing a period-to-period increase of 84.0% as compared to RMB25.7 million for the same period of 2023***

  In the first half of 2024, the Group actively launched the smart multi-scenario solutions business, providing one-stop services of solutions, design, engineering, commissioning and operation and maintenance; and launched the research and development and sales business of smart products, providing products such as whole-house smart devices, smart parking and smart passages, all of which resulted in revenue growth.

- ***For carpark asset operation services, revenue was RMB125.6 million, representing a period-to-period decrease of 33.5% as compared to RMB189.0 million for the same period of 2023***

  In the first half of 2024, due to the impact of the continuing overall downturn in the domestic real estate sector, the demand for parking spaces from property owners reduced, affecting the revenue and profit margin of the carpark sales business.

- ***For home decoration services, revenue was RMB38.6 million, representing a period-to-period decrease of 53.7% as compared to RMB83.4 million for the same period of 2023***

  In the first half of 2024, due to the ongoing downturn in the real estate industry, the overall number of newly-built projects and new project deliveries continued to drop in the market, resulting contraction in business scale and reduced revenue and profit margin.

- ***For campus value-added services, revenue was RMB175.8 million, representing a period-to-period decrease of 10.7% as compared to RMB196.9 million for the same period of 2023***

  In the first half of 2024, due to the impact of changes in the overall economic conditions, some public institutions contracted their service demand, which affected revenue. The Group proactively responded to the market changes, strengthened its operation and management capabilities, and effectively controlled costs, achieving a slight increase in the gross profit margin.

- ***For elderly care services, revenue was RMB85.7 million, representing a period-to-period increase of 19.2% as compared to RMB71.9 million for the same period of 2023***

  In the first half of 2024, Shanghai Chunqiji Elderly Care Services Co., Ltd. (上海椿祺集養老服務有限公司) ("Healthtop") actively grew its business with its team to open up a new market in Zhoushan City, Zhejiang Province, thereby expanding its source of revenue. Healthtop and Shimao Services jointly developed the market and shared customer resources, which effectively enhanced the overall operational efficiency. Taking advantage of the Opinions on Developing the Silver Economy and Improving the Well-being of the Elderly (《關於發展銀髮經濟增進老年人福祉的意見》) issued by the General Office of the State Council in 2024, Healthtop actively expanded into the silver economy. With development direction targeting at scale, standardisation, clustering and branding, it established an efficient service model to provide customers with high-quality services and products, and seized opportunities for development to achieve revenue growth.

➢ VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

- **Representing 2.0% of total revenue and 1.7% of total gross profit**

  As of 30 June 2024, revenue from value-added services to non-property owners of the Group amounted to RMB80.9 million, representing a period-to-period decrease of 33.2% as compared to RMB121.1 million for the same period of 2023. This was primarily due to a drop in the number of newly-started dwellings amid the ongoing real estate downturn, hence a substantial contraction of the show room services business, weighing on revenue and profit margin.

➢ CITY SERVICES

- **Representing 15.0% of total revenue and 10.7% of total gross profit**

  As of 30 June 2024, revenue from city services of the Group reached RMB603.2 million, representing a period-to-period decrease of 7.9% as compared to RMB655.1 million for the same period of 2023. This was mainly due to the fact that, under the influence of the changing macroeconomic environment, some local governments contracted their demand for city services. In the face of market changes, the Group responded in a timely manner and made proactive adjustments by withdrawing certain projects with lower profit margins and longer credit terms, while endeavoured to enhance its management and operation capabilities to maintain the gross profit margin.

FINANCIAL REVIEW

During the period, the Group realised:

Revenue

Revenue was RMB4,031.8 million, representing a period-to-period decrease of 1.6% as compared to RMB4,098.1 million for the same period of 2023. The Group generated revenue from four business segments: (i) property management services; (ii) community value-added services; (iii) value-added services to non-property owners; and (iv) city services. During the period, (i) property management services remained the largest source of revenue and profit to the Group, with revenue amounting to RMB2,761.0 million, accounting for 68.5% of the overall revenue and representing a period-to-period increase of 5.7% as compared to RMB2,612.6 million for the same period of 2023; (ii) revenue from community value-added services amounted to RMB586.7 million, accounting for 14.5% of the overall revenue and representing a period-to-period decrease of 17.3% as compared to RMB709.3 million for the same period of 2023; (iii) revenue from value-added services to non-property owners amounted to RMB80.9 million, accounting for 2.0% of the overall revenue and representing a period-to-period decrease of 33.2% as compared to RMB121.1 million for the same period of 2023; and (iv) revenue from city services amounted to RMB603.2 million, accounting for 15.0% of the overall revenue and representing a period-to-period decrease of 7.9% as compared to RMB655.1 million for the same period of 2023.

Cost of Sales and Services

Cost of sales and services of the Group primarily included staff costs, subcontracting costs, utilities and facility operating costs, cost of selling carpark spaces, cost of smart community solutions and others. During the period, cost of sales and services was RMB3,220.3 million, representing a period-to-period decrease of 0.5% as compared to RMB3,235.5 million for the same period of 2023, which remained stable.

Gross Profit and Gross Profit Margin

During the period, gross profit amounted to RMB811.5 million, representing a period-to-period decrease of 5.9% as compared to RMB862.7 million for the same period of 2023. Gross profit margin was 20.1%, representing a decrease of 1.0 percentage point as compared to 21.1% for the same period of 2023. Gross profit margins for the four business segments were: 20.0% for property management services, 27.0% for community value-added services, 16.9% for value-added services to non-property owners and 14.3% for city services, respectively. Gross profit margins for those segments for the same period of 2023 were 20.7%, 29.1%, 19.0% and 13.9%, respectively.

Gross profit margin for property management services was 20.0%, representing a decrease of 0.7 percentage point as compared to 20.7% for the same period of 2023. It was mainly due to: firstly, in order to enhance the quality of its projects, the Group increased its investment in facilities and equipment upgrading and renovation for its benchmark projects; secondly, the proportion of projects from third parties enlarged at a relatively faster pace, and those projects had lower gross profit margins as compared to that of projects from Shimao Group; and thirdly, the proportion of public facilities projects continued to enlarge, and those projects had lower gross profit margins as compared to that of residential projects.

Gross profit margin for community value-added services was 27.0%, representing a decrease of 2.1 percentage points as compared to 29.1% for the same period of 2023. It was mainly due to the impact of changes in the real estate industry and the economic conditions, which led to the structural adjustment of the renovation services business, the smart community business and other high-margin business segments with decreasing percentage share.

Gross profit margin for value-added services to non-property owners was 16.9%, representing a decrease of 2.1 percentage points as compared to 19.0% for the same period of 2023. It was due to a drastic drop in the number of newly-started dwellings amid the ongoing real estate downturn in the first half of 2024, hence a substantial contraction of the show room services business of the Group, which led to a significant period-to-period decline in revenue and gross profit.

Gross profit margin for the city services business was 14.3%, representing a slight increase of 0.4 percentage point as compared to 13.9% for the same period of 2023, which remained stable.

Selling and Marketing Expenses

Selling and marketing expenses for the period were RMB59.6 million, representing a period-to-period decrease of 5.8% as compared to RMB63.3 million for the same period of 2023. Selling and marketing expenses as a percentage of revenue for the period was 1.5%, which remained stable as compared to 1.5% for the same period of 2023.

Administrative Expenses

Administrative expenses for the period were RMB418.9 million, representing a period-to-period decrease of 6.6% as compared to RMB448.7 million for the same period of 2023. Administrative expenses as a percentage of revenue for the period was 10.4%, representing a decrease of 0.5 percentage point as compared to 10.9% for the same period of 2023, which was mainly due to the Group's organisational restructuring, which resulted in a reduction in the expenses of administrative personnel.

Operating Profit

Operating profit for the period was RMB252.0 million, representing a decrease of 6.2% as compared to RMB268.7 million for the same period of 2023. Operating profit margin was 6.3%, representing a decrease of 0.3 percentage point as compared to 6.6% for the same period of 2023.

Finance Income – Net

Finance income – net for the period was RMB2.9 million, representing a decrease of RMB9.3 million as compared to finance income – net of RMB12.2 million for the same period of 2023. It was primarily due to the decrease in interest income from financing because of lower interest rates on deposits and the decrease in time deposits in 2024.

Profit before Income Tax

Profit before income tax for the period amounted to RMB262.0 million, representing a decrease of RMB22.6 million or a period-to-period decrease of 7.9% as compared to RMB284.6 million for the same period of 2023. It was primarily due to the Group focused on basic property services, increased investment in projects and enhanced service quality during the period.

Income Tax Expense

Income tax expense for the period amounted to RMB51.2 million, representing a period-to-period decrease of 36.6% as compared to RMB80.7 million for the same period of 2023. The higher income tax expense for the prior period was due to the incurrence of non-deductible income tax expense, such as the Group's purchase consideration adjustment, while the non-deductible expense for the current period were lower.

The internet of things ("IoT") technology companies under the Group are entitled to the preferential tax policy of "tax exemption for the first two years and 50% tax reduction for the following three years". Year 2024 was the fifth year of entitlement to such preferential tax policy. Tibet Shimao Tiancheng Property, headquartered in Tibet, enjoyed tax benefits; while Chengdu Xinyi, Xi'an Fangrui and the newly established "second headquarters" enjoyed the preferential tax policy for the "Western Region Development".

Pursuant to the rules and regulations of the Cayman Islands, the Group is not required to pay income tax of the Cayman Islands.

The income tax rate applicable to the Group's entities incorporated in Hong Kong was 16.5% on the income subject to Hong Kong profits tax for the year. No provision was made for Hong Kong profits tax over the six months from 1 January 2024 to 30 June 2024, as the Group did not derive any income subject to Hong Kong profits tax.

Unless otherwise specified, the Group's subsidiaries in China shall pay PRC corporate income tax at a rate of 25%.

Profit for the Period

Profit for the period was RMB210.8 million, representing an increase of 3.4% as compared to RMB203.9 million for the same period of 2023. Profit attributable to equity holders of the Company was RMB184.0 million, representing an increase of 18.9% as compared to RMB154.8 million for the same period of 2023.

Profit margin for the period was 5.2%, representing an increase of 0.2 percentage point as compared to 5.0% for the same period of 2023.

Investment Properties, Property, Plant and Equipment

As at 30 June 2024, net book value of investment properties, property, plant and equipment amounted to RMB562.0 million, representing a decrease of 4.8% as compared to RMB590.2 million as at 31 December 2023, which was mainly due to normal depreciation and amortisation of assets.

Intangible Assets

As at 30 June 2024, the carrying amount of the Group's intangible assets was RMB2,584.7 million, representing a decrease of 2.7% as compared to RMB2,657.7 million as at 31 December 2023. The Group's intangible assets primarily included: (i) goodwill of RMB1,724.9 million recognised for the acquired companies; (ii) customer relationships of RMB680.6 million recognised for the acquired companies; (iii) software research and development and purchase worth RMB126.1 million by the Group. Customer relationships and software have definite useful lives and are accounted for at cost less accumulated amortisation.

As at 30 June 2024, the Group's goodwill amounted to RMB1,724.9 million, and there was no impairment of goodwill during the period. The Group's goodwill mainly arose from the expected future development of the acquired companies, the improvement of market coverage, the expansion of service portfolio, the integration of value-added services and the enhancement of management efficiency.

Trade Receivables

As at 30 June 2024, trade receivables amounted to RMB3,763.2 million, representing an increase of 17.3% as compared to RMB3,209.2 million as at 31 December 2023. It was primarily due to the tightening cash flow of customers as a result of the macroeconomic downturn, which led to lower-than-expected recovery.

Trade Payables

As at 30 June 2024, trade payables amounted to RMB1,447.4 million, representing an increase of 19.4% as compared to RMB1,212.5 million as at 31 December 2023, which was mainly due to longer credit terms for payments due to suppliers as a result of lower-than-expected recovery.

Liquidity, Reserves and Capital Structure

The Group maintained a strong financial position during the period. Current assets amounted to RMB10,737.7 million as at 30 June 2024, representing an increase of 16.9% as compared to RMB9,182.5 million as at 31 December 2023. The Group's cash and cash equivalents, including time deposits with maturity over three months, amounted to RMB4,410.0 million as at 30 June 2024, representing a decrease of 7.9% as compared to RMB4,788.3 million as at 31 December 2023, which was mainly due to the lower-than-expected recovery rate of services fees and the payment of part of the remaining consideration of equity acquisition.

The Group's net current assets amounted to RMB5,323.4 million as at 30 June 2024, with a current ratio of 1.98, which stood at a robust level as compared to the net current assets of RMB3,938.8 million and the current ratio of 1.75 as at 31 December 2023.

Capital Expenditure Commitments

As at 30 June 2024, there is no capital commitment that the Group had already contracted but not provided for.

Share Award Scheme

A Share Award Scheme of the Company (the "Share Award Scheme") was adopted by the board of directors of the Company (the "Board") on 28 June 2021 (the "Adoption Date"). The purpose of the Share Award Scheme is to recognise the contributions by certain selected employees of the Group and to provide them with incentives so as to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

The Share Award Scheme shall be valid and effective for a term of ten years commencing from the Adoption Date. The maximum number of shares which can be awarded under the Share Award Scheme is 3% of the total number of issued shares of the Company as at the Adoption Date (i.e. 70,919,190 shares). During the six months ended 30 June 2024, no award share was granted by the Company under the Share Award Scheme. Further details of the Share Award Scheme will be set out in the 2024 interim report of the Company in due course.

Proceeds from the Listing

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 October 2020. Excluding underwriting fees and related expenses, the net proceeds from the listing amounted to HK$5,917.4 million (equivalent to approximately RMB5,126 million). Details of the actual or intended use of proceeds from the listing are as follows:

Intended use of net proceeds	Proceeds available for utilisation *(RMB million)*	Allocation percentage *%*	Utilised amount as of 30 June 2024 *(RMB million)*	Unutilised amount as of 30 June 2024 *(RMB million)*	Expected timeline for utilising the remaining unutilised amount
(1) To continue to expand business scale through multiple channels	3,332	65%	3,212	120	2024
(2) To diversify people-oriented and property-oriented value-added service offerings	769	15%	303	466	2024
(3) To improve the information technology system and smart technologies	256	5%	178	78	2024
(4) To attract and nurture talent	256	5%	58	198	2024
(5) For working capital and other general corporate purposes	513	10%	213	300	2024
Total	**5,126**	**100%**	**3,964**	**1,162**	

The proceeds set out above have not been used, mainly because the Group did not successfully acquire previous potential target projects. The Group's management will continue to identify suitable acquisition and investment targets, and will continue to take both prudent and proactive approach into consideration for facilitating the utilisation of the proceeds to achieve healthy development of business and long-term benefit of shareholders.

Equity Fund Raising Activities and Use of Proceeds

Placing of Existing Shares and Top-up Subscription of New Shares under the General Mandate (the "Top-Up Placing")

On 19 October 2021, the Company entered into a placing and subscription agreement (the "2021 Placing and Subscription Agreement") with Morgan Stanley & Co. International plc (the "Placing Agent"), Shimao Group and the vendor, Best Cosmos Limited ("Best Cosmos"), pursuant to which the Placing Agent conditionally agreed to place to not less than six independent professional, institutional and/or individual investors, on a fully underwritten basis, 115,000,000 existing ordinary shares of the Company at the placing price of HK$15.18 per share, and Best Cosmos conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue to Best Cosmos new ordinary shares, which were the same number as the placing shares that have been placed by the Placing Agent, at the placing price. The subscription shares have a nominal value of HK$1.15 million and a market value of HK$1,934.3 million, based on the closing price of HK$16.82 per share as quoted on the Stock Exchange on the last full trading day immediately before the time at which the 2021 Placing and Subscription Agreement was signed. The net price per subscription share is HK$15.09. The completion of placing of existing shares took place on 22 October 2021, and the Company allotted and issued 115,000,000 ordinary shares to Best Cosmos on 2 November 2021 under the general mandate granted to the Directors pursuant to an ordinary resolution passed at the 2021 annual general meeting of the Company (the "General Mandate").

The net proceeds received by the Company after deducting related fees and expenses were approximately HK$1,735 million. The Company intends to apply such net proceeds for potential mergers and acquisitions ("M&A"), business expansion, general working capital and general corporate uses. The Directors consider that the placing and subscription represent an opportunity to raise capital for the Company while broadening its shareholders and capital base, and it would strengthen the financial position of the Group and provide working capital to the Group. For further details, please refer to the announcements of the Company dated 20 October 2021 and 2 November 2021.

Details of the intended and actual use of the aggregate net proceeds of approximately HK$1,735 million (equivalent to approximately RMB1,426 million) from the above equity fund raising activities are as follows:

Intended use of net proceeds	Net proceeds from Top-Up Placing available for utilisation *(RMB million)*	Allocation percentage *%*	Utilised net proceeds as of 30 June 2024 *(RMB million)*	Unutilised net proceeds as of 30 June 2024 *(RMB million)*	Expected timeline for utilising the remaining unutilised net proceeds
(1) Potential M&A	1,140	80%	–	1,140	2024
(2) Business expansion	143	10%	–	143	2024
(3) General working capital and general corporate uses	143	10%	–	143	2024
Total	**1,426**	**100%**	**–**	**1,426**	

Due to the overall downturn of the real estate industry which led to an impact on the development of the property services industry, the overall growth rate of the industry has been significantly slowed down. Therefore, the Group's management shifted their strategy focus from the M&A to third-party bidding expansion, such as project bidding, market channel expansion and marketing team building, in order to develop our own market expansion capability. The Group's management will continue to identify suitable acquisition targets when the industry recovers or an ideal opportunity arises, and will adopt a prudent and flexible approach for utilising the proceeds effectively to facilitate long-term and healthy development of the Group's business.

Connected Transactions – Car Parking Spaces and Storage Units Purchase Agreements

On 24 April 2024, certain branch companies of 上海潤尚房地產經紀有限公司 (Shanghai Runshang Real Estate Agent Co., Ltd.) (an indirect wholly-owned subsidiary of the Company) entered into certain agreements with certain indirect wholly-owned subsidiaries of Shimao Group, pursuant to which the Group would acquire from Shimao Group certain car parking spaces and storage units (the "Target Assets"). The Target Assets comprised an aggregate of 180 car parking spaces and 10 storage units located at two projects of Shimao Group, with an aggregate consideration of approximately RMB36,473,237.

The two projects at which the Target Assets are located were all completed and delivered to homeowners. Since the real estate marketing teams for these projects were about to withdraw from these projects and the Group, as a provider for ongoing property management services, considered that the acquisitions and the taking over of the Target Assets would be more convenient for the Group to manage, sell or lease these assets going forward. In addition, the demand for car parking spaces and storage units for the residents of these projects remains stable. The Group was of the view that the acquisitions would enable the Group to provide better services to homeowners in these projects, and would also present an opportunity for the Group to realise such assets and bring valuable returns to the Shareholders. For details of the above connected transaction, please refer to the announcement of the Company dated 24 April 2024.

Acquisitions and Future Outlook

As at 30 June 2024, there was no acquisition by the Group. When making acquisitions, apart from focusing on the alignment between the target company and the Group, it also takes into account the development demands including scale growth, the deployment of new race tracks and the building of new capabilities.

For potential acquisition targets, the Group will comprehensively consider the following factors: (1) being within the Group's existing management radius; (2) being a leading company in the region or sub-sector; (3) not touching red-line issues, such as safety issues, etc.; (4) being able to accept the Group's integration requirements; and (5) having a customer base that is from local middle-income and high-income class, so as to ensure the effective operation and management of the target company and its development after the completion of the M&A.

During the first half of 2024, the continued downturn in the real estate industry affected the development of the downstream property management industry, the Group therefore was unsuccessful in acquiring any of its targets. In the future, the Group will keep looking for suitable targets and take a more prudent approach in M&A to promote the long-term and stable development of the Group's business.

Employees and Compensation Policy

As at 30 June 2024, the Group had a total of 44,011 employees, representing a decrease of 4.6% as compared to 46,125 employees for the same period of 2023. Total staff costs amounted to RMB1,815.3 million, representing a decrease of 6.9% as compared to RMB1,950.5 million for the same period of 2023. The decrease in staff costs was mainly attributable to the Group's efforts to (1) streamline organisation structure and optimise its staffing composition; and (2) enhance its operation and management capabilities to reduce costs and increase efficiency.

The salary paid to the employees by the Group was determined according to their duties, market levels as well as performance and contribution. Bonuses were also paid to employees based on their work performance. In addition, the Group offered its employees a variety of training and personal development schemes together with employee benefits, including pension fund, medical insurance and provident fund.

UNAUDITED INTERIM RESULTS

The Board is pleased to present the unaudited consolidated results of the Group for the six months ended 30 June 2024 together with comparative figures. These interim financial statements have not been audited, but have been reviewed by the Company's Audit Committee.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*5*	**4,031,765**	4,098,139
Cost of sales and services	*5*	**(3,220,257)**	(3,235,465)
Gross profit		**811,508**	862,674
Selling and marketing expenses		**(59,551)**	(63,255)
Administrative expenses		**(418,856)**	(448,688)
Impairment losses on financial assets – net	*6*	**(86,516)**	(13,085)
Other income	*7*	**5,971**	32,445
Other gains and losses – net		**(51)**	(97,031)
Other operating expenses		**(473)**	(4,354)
Operating profit		**252,032**	268,706
Finance income		**22,115**	31,760
Finance costs		**(19,171)**	(19,562)
Finance income – net		**2,944**	12,198
Share of results of associates		**7,050**	3,745
Profit before income tax	*6*	**262,026**	284,649
Income tax expense	*8*	**(51,189)**	(80,703)
Profit for the period		**210,837**	203,946
Profit attributable to:			
– Equity holders of the Company		**183,965**	154,780
– Non-controlling interests		**26,872**	49,166
		210,837	203,946

	Note	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Other comprehensive income for the period, net of tax			
Items that may be reclassified to profit or loss			
– Exchange differences on translation of foreign operations		**13,503**	4,282
Total comprehensive income for the period		**224,340**	208,228
Total comprehensive income attributable to:			
– Equity holders of the Company		**197,468**	159,062
– Non-controlling interests		**26,872**	49,166
		224,340	208,228
Earnings per share	*9*		
– Basic *(RMB Cent)*		**7.46**	6.36
– Diluted *(RMB Cent)*		**7.43**	6.34

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2024

	Notes	**As at 30 June 2024** ***RMB'000*** **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**544,242**	571,929
Right-of-use assets		**66,489**	80,217
Investment properties		**17,804**	18,271
Intangible assets		**2,584,730**	2,657,718
Deferred tax assets		**288,721**	255,538
Interests in associates		**58,569**	61,019
Financial assets at fair value through profit or loss		**–**	124,178
Contract assets		**158,096**	165,406
Prepayments, deposits and other receivables		**78,804**	1,123,223
Total non-current assets		**3,797,455**	5,057,499
Current assets			
Inventories		**242,645**	210,883
Trade receivables	*10*	**3,763,168**	3,209,178
Financial assets at fair value through profit or loss		**124,178**	–
Contract assets		**22,533**	10,828
Prepayments, deposits and other receivables		**2,076,790**	926,452
Restricted bank balances		**98,352**	36,898
Time deposits with maturity over three months		**–**	1,000,000
Cash and cash equivalents		**4,410,010**	3,788,300
Total current assets		**10,737,676**	9,182,539
Current liabilities			
Trade payables	*12*	**1,447,402**	1,212,521
Deposits received, accruals and other payables		**2,057,759**	2,120,108
Contract liabilities		**1,251,842**	1,253,358
Income tax liabilities		**399,047**	393,199
Borrowings		**231,840**	232,154
Lease liabilities		**26,357**	32,383
Total current liabilities		**5,414,247**	5,243,723
Net current assets		**5,323,429**	3,938,816
Total assets less current liabilities		**9,120,884**	8,996,315

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Non-current liabilities			
Borrowings		**54,638**	67,788
Lease liabilities		**31,723**	35,954
Deferred tax liabilities		**165,413**	156,631
Provisions for other liabilities and charges		**30,153**	30,311
Other payables		**5,330**	59,478
Total non-current liabilities		**287,257**	350,162
Net assets		**8,833,627**	8,646,153
Equity			
Share capital	*11*	**21,358**	21,358
Reserves		**8,150,308**	7,895,082
Equity attributable to equity holders of the Company		**8,171,666**	7,916,440
Non-controlling interests		**661,961**	729,713
Total equity		**8,833,627**	8,646,153

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. GENERAL INFORMATION

Shimao Services Holdings Limited (the "Company") was incorporated on 3 December 2019 under the laws of the Cayman Islands with limited liability. The address of the Company's registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box. 10240, Grand Cayman KY1-1002, Cayman Islands. The principal place of business is located at Unit 3820, 38th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong. The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 October 2020.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in the provision of property management services, community value-added services, value-added services to non-property owners and city services in the People's Republic of China (the "PRC").

The Company's immediate holding company is Best Cosmos Limited ("Best Cosmos"), a company incorporated in the British Virgin Island (the "BVI") and intermediate holding company is Shimao Group Holdings Limited ("Shimao Group") whose shares are listed on the Stock Exchange since 5 July 2006. The Company's ultimate holding company is Gemfair Investments Limited, a company incorporated in the BVI which is wholly owned by Mr. Hui Wing Mau ("Mr. Hui"/"Ultimate Controlling Shareholder").

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accounts ("HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The interim condensed consolidated financial statements does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by HKICPA, and any public announcements made by the Company during the interim reporting period.

The interim condensed consolidated financial statements has been prepared on historical cost basis except for certain financial instruments which are measured at fair values. As the Group mainly operates in the PRC, Renminbi ("RMB") is used as the presentation currency of the interim condensed consolidated financial statements and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies and method of computation adopted in the preparation of these interim condensed consolidated financial statements were consistent with those adopted in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023 other than changes in accounting policies resulting from adoption of the new or amendments to HKFRSs for the first time for the current period's financial statements.

Amendment to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

The adoption of these new or amendments to HKFRSs has had no significant financial effect on the Group's interim condensed consolidated financial statements.

4. SEGMENT INFORMATION

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

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

– Property management and related services, which include property management services, community value-added services and value-added services to non-property owners; and

– City services, which includes sanitation, cleaning and sewage and waste treatment business.

The CODM assesses the performance of the operating segments based on a measure of operating results, adjusted by excluding financial income, finance costs, other gains and losses – net, shares of results of associates and certain unallocated expenses.

All assets are allocated to operating segment assets other than deferred tax assets, interests in associates and other corporate assets. All liabilities are allocated to operating segment liabilities other than deferred tax liabilities, income tax liabilities, borrowings and other corporate liabilities.

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

The principal operating entity of the Group is domiciled in the PRC. For the purpose of segment information disclosure under HKFRS 8, the Group regard the PRC as its place of domicile. The Group's revenue from external customers is classified based on the geographical locations of the customers and the details are disclosed above. Accordingly, all of the Group's revenue were derived in the PRC during the six months ended 30 June 2024 (six months ended 30 June 2023: Same).

As at 30 June 2024, all of the non-current assets of the Group were located in the PRC (31 December 2023: Same).

The segment revenue and results are as follows:

	Property management and related services *RMB'000*	City services *RMB'000*	Total *RMB'000*
Six months ended 30 June 2024 (Unaudited)			
Reportable segment revenue	**3,428,574**	**603,191**	**4,031,765**
Reportable segment results	**218,580**	**35,910**	**254,490**
Amounts included in the measure of segment results:			
Impairment losses on financial assets – net	**(75,496)**	**(11,020)**	**(86,516)**
Net (loss)/gain on disposal of property, plant and equipment	**(142)**	**3,831**	**3,689**
Depreciation of property, plant and equipment, right-of-use assets and investment properties	**(57,842)**	**(44,564)**	**(102,406)**
Amortisation of intangible assets	**(62,487)**	**(12,471)**	**(74,958)**
Six months ended 30 June 2023 (Unaudited)			
Reportable segment revenue	3,443,080	655,059	4,098,139
Reportable segment results	359,284	8,235	367,519
Amounts included in the measure of segment results:			
Impairment losses on financial assets – net	(8,731)	(4,354)	(13,085)
Net gain/(loss) on disposal of property, plant and equipment	2,817	(1,854)	963
Depreciation of property, plant and equipment, right-of-use assets and investment properties	(59,239)	(39,837)	(99,076)
Amortisation of intangible assets	(68,516)	(26,842)	(95,358)

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*
	(Unaudited)	(Unaudited)
Segment results	**254,490**	367,519
Other gains and losses – net	**(51)**	(97,031)
Share of results of associates	**7,050**	3,745
Finance costs	**(19,171)**	(19,562)
Finance income	**22,115**	31,760
Unallocated expenses	**(2,407)**	(1,782)
Profit before income tax	**262,026**	284,649

The segment assets and liabilities are as follows:

	Property management and related services *RMB'000*	**City services** *RMB'000*	**Total** *RMB'000*
As at 30 June 2024 (Unaudited)			
Segment assets	**8,946,415**	**1,673,006**	**10,619,421**
Segment liabilities	**4,189,314**	**661,252**	**4,850,566**
As at 31 December 2023 (audited)			
Segment assets	9,615,366	1,866,551	11,481,917
Segment liabilities	3,923,212	820,901	4,744,113

Reconciliation of segment assets to total assets and segment liabilities to total liabilities provided as follows:

	As at 30 June 2024 *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Segment assets	**10,619,421**	11,481,917
Deferred tax assets	**288,721**	255,538
Interests in associates	**58,569**	61,019
Other corporate assets	**3,568,420**	2,441,564
Total assets	**14,535,131**	14,240,038
Segment liabilities	**4,850,566**	4,744,113
Deferred tax liabilities	**165,413**	156,631
Income tax liabilities	**399,047**	393,199
Borrowings	**286,478**	299,942
Total liabilities	**5,701,504**	5,593,885

5. REVENUE AND COST OF SALES AND SERVICES

Revenue mainly comprises of proceeds from property management services, value-added services and city services rendered to customers, net of value added tax and surcharges, and allowances for discounts. An analysis of the Group's revenue and cost of sales and services by category for the reporting period is as follows:

	Six months ended 30 June			
	2024 (Unaudited)		2023 (Unaudited)	
	Revenue *RMB'000*	**Cost of sales and services** *RMB'000*	Revenue *RMB'000*	Cost of sales and services *RMB'000*
Revenue from customer and recognised over time:				
Property management services	**2,760,965**	**2,207,873**	2,612,604	2,070,828
Community value-added services	**212,348**	**139,398**	226,184	145,834
Value-added services to non-property owners	**80,870**	**67,212**	121,140	98,161
City services	**603,191**	**516,675**	655,059	563,816
	3,657,374	**2,931,158**	3,614,987	2,878,639
Revenue from customer and recognised at a point in time:				
Community value-added services	**374,391**	**289,099**	483,152	356,826
	4,031,765	**3,220,257**	4,098,139	3,235,465
Gross basis	**3,929,817**	**3,173,927**	3,957,267	3,164,719
Net basis	**101,948**	**46,330**	140,872	70,746
	4,031,765	**3,220,257**	4,098,139	3,235,465

For the six months ended 30 June 2024, revenue from entities controlled by the Ultimate Controlling Shareholder and joint ventures and associates of the Ultimate Controlling Shareholder contributed to approximately 2.90% (six months ended 30 June 2023: 5.33%) of the Group's revenue. Other than entities controlled by the Ultimate Controlling Shareholder and joint ventures and associates of the Ultimate Controlling Shareholder, the Group had a large number of customers and none of whom contributed 10% or more of the Group's revenue during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

6. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is calculated after deducting the following expenses:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Employee benefit expenses (excluding directors' and chief executive's remuneration)	**1,815,305**	1,950,505
Equity-settled share-based payment		
– Employees other than directors	**394**	5,174
– Directors	**257**	1,962
	651	7,136
Impairment losses on financial assets – net		
– Third parties		
Impairment losses on trade receivables	**100,677**	20,520
(Reversal of)/impairment losses on other financial assets included in deposits and other receivables	**(93)**	1,033
– Related parties		
Impairment losses on trade receivables	**216**	747
Reversal of impairment losses on other financial assets included in deposits and other receivables	**(14,284)**	(9,215)
Total impairment losses on financial assets – net	**86,516**	13,085
Depreciation and amortisation:		
Depreciation of property, plant and equipment	**83,079**	73,111
Depreciation of right-of-use assets, included in administrative expenses	**18,860**	25,460
Depreciation of investment properties	**467**	505
Amortisation of intangible assets	**74,958**	95,358
	177,364	194,434
Auditors' remuneration		
– Non-audit services	**500**	500
Cost of inventories sold	**83,811**	155,204
Cost of selling parking lots	**3,356**	28,702
Raw materials used in catering services	**56,445**	54,921

7. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grants *(Note (a))*	**5,971**	25,029
Value-added tax deductibles *(Note (b))*	**–**	7,416
	5,971	32,445

Notes:

(a) Government grants mainly represented financial support funds from local government and refund of the value-added – tax ("VAT") under the "immediate refund of VAT levied" policy. There are no unfulfilled conditions or other contingencies attached to the government grants recognised during the six months ended 30 June 2024 (six months ended 30 June 2023: Same).

(b) Value-added tax deductibles mainly included additional deduction of input value-added tax applicable to certain subsidiaries in the PRC.

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax – PRC		
– Corporate income tax	**75,590**	63,585
Deferred income tax (credit)/expenses	**(24,401)**	17,118
	51,189	80,703

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares during the six months ended 30 June 2024 (six months ended 30 June 2023: Same).

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company *(RMB'000)*	**183,965**	154,780
Weighted average number of ordinary shares *(in thousands)*	**2,467,624**	2,435,332
Basic earnings per share *(expressed in RMB Cent per share)*	**7.46**	6.36

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

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Profit for the period, attributable to equity holders of the Company for diluted earnings per shares *(RMB'000)*	**183,965**	154,780
Weighted average number of equity shares for basic earnings per share *(in thousands)*	**2,467,624**	2,435,332
Adjustments: share award scheme *(in thousands)*	**8,768**	4,015
Weighted average number of ordinary shares for dilutive earnings per share *(in thousands)*	**2,476,392**	2,439,437
Diluted earnings per share *(expressed in RMB Cent per share)*	**7.43**	6.34

10. TRADE RECEIVABLES

	As at 30 June 2024 *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Trade receivables		
– Related parties	**749,000**	748,477
– Third parties	**4,005,901**	3,354,689
	4,754,901	4,103,166
Note receivables		
– Related parties	**1,300**	1,437
– Third parties	**1,903**	1,558
	3,203	2,995
Less: allowance for impairment losses on trade receivables	**(994,936)**	(896,983)
	3,763,168	3,209,178

For trade receivables from property management services, the Group charges property management fees on a monthly or quarterly basis and the payment is generally due upon the issuance of demand notes. No credit period is granted (31 December 2023: Nil).

Trade receivables from value-added services and city services are due for payments in accordance with the terms of the relevant services agreements with property developers and government bodies, which is normally within 30-90 days (31 December 2023: 30-90 days) from the issue of demand note.

The amounts due from related parties are repayable on credit terms similar to those offered to other major customers of the Group.

An ageing analysis of the trade receivables as at the end of the period/year, based on the recognition date and before impairment, is as follows:

	As at 30 June 2024 *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Within 1 year	**2,995,201**	2,396,233
1 to 2 years	**773,169**	790,945
2 to 3 years	**643,734**	758,392
3 to 4 years	**273,544**	148,100
4 to 5 years	**67,053**	8,330
Over 5 years	**2,200**	1,166
	4,754,901	4,103,166

As at 30 June 2024, the trade receivables were denominated in RMB (31 December 2023: Same).

As at 30 June 2024, total note receivables (before impairment) amounting to RMB3,203,000 are held by the Group for future settlement of trade receivables (31 December 2023: RMB2,995,000). All note receivables received by the Group are with a maturity period of less than one year.

11. SHARE CAPITAL

Ordinary shares	Number of ordinary shares of HK$0.01 each	Share capital	
		HKD	*RMB*
Authorised			
As at 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	3,500,000,000	35,000,000	30,350,583
Issued and fully paid			
As at 1 January 2023 (audited), 31 December 2023 (audited), 1 January 2024 (audited) and 30 June 2024 (unaudited)	2,468,173,000	24,681,730	21,357,812

12. TRADE PAYABLES

	As at 30 June 2024 *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Trade payables		
– Related parties	**6,541**	6,291
– Third parties	**1,440,861**	1,206,230
	1,447,402	1,212,521

The trade payables have a normal credit terms of 30 to 90 (31 December 2023 : 30 to 90) days. As at 30 June 2024, the carrying amounts of trade payables approximated to their fair values (31 December 2023: Same). As at 30 June 2024, the trade payables were denominated in RMB (31 December 2023 : Same).

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

	As at 30 June 2024 *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Within 1 year	**1,136,083**	968,851
1 to 2 years	**153,762**	103,603
2 to 3 years	**98,687**	111,234
3 to 4 years	**54,987**	26,143
4 to 5 years	**2,838**	1,702
Over 5 years	**1,045**	988
	1,447,402	1,212,521

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE CODE

The Company has complied with all applicable code provisions set out in the Corporate Governance Code (the "CG Code") as contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the six months ended 30 June 2024.

DIRECTORS' SECURITIES TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024.

On behalf of the Board
Shimao Services Holdings Limited
Hui Sai Tan, Jason
Chairman

Hong Kong, 29 August 2024

As at the date of this announcement, the Board comprises three Executive Directors, namely, Mr. Hui Sai Tan, Jason (Chairman), Mr. Shao Liang (President) and Mr. Cao Shiyang; one Non-executive Director, namely, Ms. Tang Fei; and three Independent Non-executive Directors, namely, Mr. Gu Yunchang, Ms. Zhou Xinyi and Mr. Hui Wai Man, Lawrence.