



# 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)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 873



**2024** 中期報告  
Interim Report



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# CORPORATE INFORMATION

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## Board of Directors

### Executive Directors

Hui Sai Tan, Jason (*Chairman*)  
Shao Liang (*President*)  
Cao Shiyang

### Independent Non-executive Directors

Gu Yunchang  
Zhou Xinyi  
Hui Wai Man, Lawrence

## Audit Committee

Hui Wai Man, Lawrence (*Committee Chairman*)  
Gu Yunchang  
Zhou Xinyi

## Remuneration Committee

Zhou Xinyi (*Committee Chairman*)  
Gu Yunchang  
Hui Wai Man, Lawrence

## Nomination Committee

Gu Yunchang (*Committee Chairman*)  
Zhou Xinyi  
Hui Wai Man, Lawrence

## Company Secretary

Chan Ka Yan

## Auditor

Elite Partners CPA Limited  
*Certified Public Accountants and  
Registered Public Interest Entity Auditor*



## CORPORATE INFORMATION

**Principal Place of Business in Hong Kong**

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Tower One, Lippo Centre  
89 Queensway  
Hong Kong

**Headquarters and Principal Place of Business in the PRC**

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Website: [www.shimaofuwu.com](http://www.shimaofuwu.com)

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Cayman Islands

**Hong Kong Branch Share Registrar and Transfer Office**

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17th Floor, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

**Principal Share Registrar and Transfer Office**

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Cayman Islands

**Place of Listing**

The Stock Exchange of Hong Kong Limited  
Stock Code: 873

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# 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 project, 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.



## CHAIRMAN'S STATEMENT

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 Holdings”, together with its subsidiaries, the “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.



## CHAIRMAN'S STATEMENT

### 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.





## CHAIRMAN'S STATEMENT

## 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)	<b>2,761.0</b>	2,612.6
Gross profit (RMB million)	<b>553.1</b>	541.8
Gross profit margin (%)	<b>20.0%</b>	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.



## MANAGEMENT DISCUSSION AND ANALYSIS

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



## MANAGEMENT DISCUSSION AND ANALYSIS

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	<b>246.9</b>	<b>100%</b>	260.7	100%
Among which:				
Residential properties	<b>144.5</b>	<b>58.5%</b>	138.6	53.2%
Non-residential properties	<b>102.4</b>	<b>41.5%</b>	122.1	46.8%
Contracted GFA	<b>332.6</b>	<b>100%</b>	346.2	100%
Among which:				
Residential properties	<b>191.8</b>	<b>57.7%</b>	193.4	55.9%
Non-residential properties	<b>140.8</b>	<b>42.3%</b>	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.



## MANAGEMENT DISCUSSION AND ANALYSIS

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.





## MANAGEMENT DISCUSSION AND ANALYSIS

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.



## MANAGEMENT DISCUSSION AND ANALYSIS

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:

	2024		For the six months ended 30 June 2023		Change in revenue (%)	Change in percentage (percentage point)
	Revenue (RMB million)	Percentage (%)	Revenue (RMB million)	Percentage (%)		
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.



## MANAGEMENT DISCUSSION AND ANALYSIS

- **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.



## MANAGEMENT DISCUSSION AND ANALYSIS

## 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

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.





## MANAGEMENT DISCUSSION AND ANALYSIS

### 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 are set out in the section headed "Corporate Governance and Other Information" in this report.



## MANAGEMENT DISCUSSION AND ANALYSIS

**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 Holdings 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”).



## MANAGEMENT DISCUSSION AND ANALYSIS

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 Holdings, 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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.





# CORPORATE GOVERNANCE AND OTHER INFORMATION

## Directors and Senior Management Profiles

### Executive Directors

#### Hui Sai Tan, Jason (Chairman)

Mr. Hui Sai Tan, Jason, aged 47, has been the Chairman and an Executive Director of Shimao Services Holdings Limited (the "Company", together with its subsidiaries, the "Group") since 1 June 2020 and is primarily responsible for the overall strategic planning and business management of the Group. Mr. Jason Hui obtained a Master of Science Degree in Real Estate from the University of Greenwich, the United Kingdom in 2001 and a Master's Degree in Business Administration from the University of South Australia in 2004. He has more than 25 years' experience in property development and management. He is a member of Shanghai Committee of the Chinese People's Political Consultative Conference and the president of New Home Association, Hong Kong. Mr. Jason Hui is currently an executive director, the chairman and president of Shimao Group Holdings Limited ("Shimao Group Holdings", together with its subsidiaries, the "Shimao Group"), the ultimate holding company of the Company listed on The Stock Exchange of Hong Kong Limited (the "HKEx"). Mr. Jason Hui is also a director of Best Cosmos Limited, a wholly-owned subsidiary of Shimao Group Holdings and a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") and Shanghai Shimao Co., Ltd. ("Shanghai Shimao", a subsidiary of Shimao Group Holdings delisted on the Shanghai Stock Exchange in June 2024). Mr. Jason Hui is the son of Mr. Hui Wing Mau, the ultimate controlling shareholder (as defined in the Rules Governing the Listing of Securities (the "Listing Rules") on the HKEx) of the Company.

#### Shao Liang (President)

Mr. Shao Liang, aged 46, was appointed as an Executive Director and the President of the Company on 26 April 2024 and is primarily responsible for the overall strategic planning and operations of the Group. Mr. Shao is currently a non-executive director of Shimao Group Holdings and is also the group vice president and head of production and operation management center of the Shimao Group, responsible for the overall management of the Shimao Group's production operation. Mr. Shao obtained a Bachelor's Degree in Economic Management in 2001 and joined the Shimao Group in the same year, and successively served as an assistant president, the head of sales management center and controller of the regional sales of the Shimao Group, accumulating over 23 years of experience in sales and operation management.

#### Cao Shiyang

Mr. Cao Shiyang (曹士揚), formerly known as Cao Shiyang (曹世揚), aged 50, was appointed as an Executive Director of the Company on 1 June 2020 and has been the vice president of the Group since January 2020. Mr. Cao is primarily responsible for the business operations of residential development center of the Group, and was also responsible for the overall operations and management of the Group in the Southern Theatre. Mr. Cao joined the Group in July 2009 and served as an assistant president and the general manager for Shanghai and Jiangsu regions of the Group from January 2018 to December 2019. Mr. Cao has over 17 years of experience in the property management industry. Mr. Cao successively served various positions in the Group from July 2009 to December 2019, including project leader, the head of business management department and regional leader in Suzhou, Jiangsu Province. Prior to joining the Group, Mr. Cao had worked at Shanghai Vanke Property Services Co., Ltd. (上海萬科物業服務有限公司) from October 1995 to May 2003 and at Nanjing Vanke Property Management Co., Ltd. (南京萬科物業管理有限公司) from May 2003 to July 2009 respectively, both of which are wholly-owned subsidiaries of China Vanke Co., Ltd. (萬科企業股份有限公司), whose shares are listed on the Shenzhen Stock Exchange and the HKEx respectively, where he served in various positions including the head of business management department and project leader. Mr. Cao obtained a Diploma in Industrial and Civil Architecture from Beijing Jingqiao University (北京京橋大學) through correspondence learning program in the PRC in July 2008 and a Bachelor's Degree in Engineering Management (economic management) from the People's Liberation Army Army Officer Academy (中國人民解放軍陸軍軍官學院) in the PRC in June 2013, and completed an EMBA selected courses program in Nanjing University (南京大學) in the PRC in December 2021.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

**Directors and Senior Management Profiles** (CONTINUED)**Independent Non-executive Directors****Gu Yunchang**

Mr. Gu Yunchang, formerly known as Gu Yongchuang, aged 80, was appointed as an Independent Non-executive Director of the Company on 13 October 2020 and is responsible for providing independent advice on the operations and management of the Group. Mr. Gu acted as the general secretary of China Real Estate Associate (中國房地產業協會) in 1998, the vice chairman of China Real Estate and Housing Association (中國房地產及住宅研究會) in 2005 and the vice chairman of the Fifth Council Committee of China Real Estate Research Association (中國房地產研究會) in 2009. He formerly held various positions of the Ministry of Urban and Rural Construction and Environmental Protection of the PRC (中華人民共和國城鄉建設環境保護部), including the deputy division head of the General Office of Urban Housing Bureau (城市住宅局綜合處) in 1982 and division head of the General Office of Housing Bureau (住宅局綜合處) in 1985 respectively, and the deputy director of the Policy Research Centre of Ministry of Construction of the PRC (中華人民共和國建設部政策研究中心) from 1988 to 1998. Mr. Gu is currently an independent non-executive director of Sunshine 100 China Holdings Ltd and Jiayuan International Group Limited, both of which are listed on the main board of the HKEx. He was formerly an independent non-executive director of CIFI Holdings (Group) Co. Ltd., a company listed on the main board of the HKEx, from October 2012 to December 2021. Mr. Gu graduated from Tongji University (同濟大學) in the PRC and specialized in Urban Planning in July 1966. In the 1980s, he participated in the policy research and formulation of city and village residential construction techniques in China, leading the project “2000 China”, and won the First Class National Science Technology Advance Award in China in April 1988 and December 1989 respectively.

**Zhou Xinyi**

Ms. Zhou Xinyi, formerly known as Zhou Xiaorong, aged 61, was appointed as an Independent Non-executive Director of the Company on 13 October 2020 and is responsible for providing independent advice on the operations and management of the Group. Ms. Zhou is the chairman and president of The Qianhai Chamberlain Institute (Shenzhen) Co., Ltd. (前海勤博教育科技(深圳)有限公司). Ms. Zhou served as the dean of Shenzhen Property Management and Advanced Training College Co., Ltd. (深圳房地產和物業管理進修學院有限公司) from August 1996 to October 2017 and a deputy general manager of Shenzhen Shentou Education Co., Ltd. (深圳市深投教育有限公司), an educational institution engaged in providing educational and vocational training services, from March 2017 to January 2018. Ms. Zhou is an honorary vice president of the Fifth Council Committee of China Property Management Association (中國物業管理協會). Ms. Zhou obtained a Bachelor's Degree in English Languages and Literature from Nanjing University (南京大學) in the PRC in July 1984 and a Master's Degree in Educational Psychology from Stanford University in the United States in June 1989.

**Hui Wai Man, Lawrence**

Mr. Hui Wai Man, Lawrence, aged 67, was appointed as an Independent Non-executive Director of the Company on 24 August 2022. Mr. Lawrence Hui obtained a Bachelor's Degree in Arts from Manchester Polytechnic, the United Kingdom (now known as Manchester Metropolitan University) in 1982 and has over 41 years' experience in corporate finance, project finance, taxation, accounting and audit. Mr. Lawrence Hui worked in a number of companies, including as an executive director and chief financial officer of several companies including Guangdong Tannery Limited (now known as Namyue Holdings Limited), Guangnan (Holdings) Limited (now known as GDH Guangnan (Holdings) Limited) and Kingway Brewery Holdings Limited (now known as Guangdong Land Holdings Limited), finance manager of Cheung Kong (Holdings) Limited (now reorganized as CK Hutchison Holdings Limited), general manager (corporate finance, leasing and property sales) of Sino Land Company Limited and group financial controller of Lai Fung Company Limited. Mr. Lawrence Hui has been the vice president and chief financial officer of Shimao Group Holdings, the ultimate holding company of the Company, from November 2005 to April 2013. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, an associate member of the Association of Chartered Certified Accountants and The Institute of Chartered Accountants in England and Wales.

**Senior Management**

The Executive Directors of the Company are members of senior management of the Group.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

**Change in Information of Directors**

The change in the information of the Directors of the Company since the publication of the 2023 annual report of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

<b>Name of Directors</b>	<b>Details of Changes</b>
Mr. Hui Sai Tan, Jason	Appointed as the chairman of the board of Shimao Group Holdings on 1 September 2024
Mr. Shao Liang	Appointed as an Executive Director, the President and an Authorised Representative for Rule 3.05 of the Listing Rules on the HKEx of the Company on 26 April 2024
Mr. Ye Mingjie	Resigned as an Executive Director, the President and an Authorised Representative for Rule 3.05 of the Listing Rules on the HKEx of the Company on 26 April 2024
Ms. Tang Fei	Resigned as a Non-executive Director of the Company on 1 September 2024

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The updated biographical details of the Directors of the Company are set out in the preceding section headed "Directors and Senior Management Profiles".

**Share Award Scheme**

A share award scheme of the Company (the "Share Award Scheme") was adopted by 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 in order 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 on the Adoption Date. The maximum number of shares which can be awarded under the Share Award Scheme is 3% (i.e. 70,919,190 shares) of the total number of issued shares of the Company as at the Adoption Date.

The number of award shares granted is determined based on the grantee's position, experience, years of service, performance and contribution to the Group. The maximum number of shares which may be subject to an award or awards to a selected employee under the Share Award Scheme must not exceed 3% of the total number of issued shares of the Company as at the Adoption Date. The award shares granted will automatically lapse if the grantee, among other things, terminate his/her service or employment relationship with the Group and other circumstances as provided in accordance with the rules of the Share Award Scheme. No acceptance price of award shares will be payable on the acceptance of the award and no purchase price is payable by the selected employees upon acceptance of awards granted under the Share Award Scheme. Pursuant to the terms of the rules and trust deed of the Share Award Scheme, the trustee shall purchase shares from the market to satisfy the allocation of the awarded shares and shall hold such shares upon trust until they are vested.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

**Share Award Scheme** (CONTINUED)

During the six months ended 30 June 2024, no award share was granted under the Share Award Scheme. Details of the movement of the award shares during the period are as follows:

Name of grantees	Date of grant	Number of awarded shares				Outstanding as at 30 June 2024
		Outstanding as at 1 January 2024	Granted during the period	Vested during the period	Lapsed/cancelled during the period	
<b>Executive Directors</b>						
Mr. Ye Mingjie (President) (resigned on 26 April 2024)	19 June 2023 <sup>(Note 2)</sup>	374,610	–	–	(149,844)	224,766
Mr. Cao Shiyang	16 November 2022 <sup>(Note 1)</sup>	96,945	–	–	–	96,945
	19 June 2023 <sup>(Note 2)</sup>	127,907	–	–	–	127,907
Sub-total		599,462	–	–	(149,844)	449,618
Other selected employees of the Group	16 November 2022 <sup>(Note 1)</sup>	1,483,338	–	–	(235,827)	1,247,511
	19 June 2023 <sup>(Note 2)</sup>	2,636,161	–	–	(468,128)	2,168,033
Sub-total		4,119,499	–	–	(703,955)	3,415,544
<b>Total</b>		<b>4,718,961</b>	<b>–</b>	<b>–</b>	<b>(853,799)</b> <sup>(Note 3)</sup>	<b>3,865,162</b>

Notes:

- Subject to the satisfaction of the vesting criteria and conditions of the Share Award Scheme, 60% of award shares will be vested after 6 months from the date of grant and 40% of award shares will be vested after 18 months from the date of grant. The closing price of the Company's shares immediately before the date on which the awards were granted was HK\$2.65 per share, and the fair value of the awards at the date of grant was HK\$2.29 per share based on the closing price of the Company's shares on that date.
- Subject to the satisfaction of the vesting criteria and conditions of the Share Award Scheme, 60% of award shares will be vested after 12 months from the date of grant and 40% of award shares will be vested after 24 months from the date of grant. The closing price of the Company's shares immediately before the date on which the awards were granted was HK\$1.74 per share. The fair value of the awards at the date of grant was HK\$1.68 per share based on the closing price of the Company's shares on that date.
- These unvested award shares were lapsed during the period.

Since the Adoption Date and up to the date of this report, a total of 7,542,551 award shares had been granted under the Share Award Scheme, representing approximately 0.32% of the total number of issued shares of the Company on the Adoption Date. The total number of shares available for future grant under the Share Award Scheme is 63,376,639 shares, representing approximately 2.57% of the total number of issued shares of the Company as at the date of this report.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

**Disclosure of Interests in Securities****Directors' and Chief Executive's Interests and Short Position in the Company and the Associated Corporation**

As at 30 June 2024, the interests and short position of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise to be notified to the Company and the HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Appendix C3 to the Listing Rules were as follows:

**(i) Long position in the shares of the Company**

Name of Directors	Capacity/ Nature of interests	Number of ordinary shares held	Approximate percentage of issued share capital
Hui Sai Tan, Jason	Beneficial owner	57,129	0.002%
Shao Liang	Beneficial owner	35,016	0.001%
Cao Shiyang	Beneficial owner/ Interest of spouse	829,967 <sup>(Note)</sup>	0.034%
Tang Fei <i>(resigned on 1 September 2024)</i>	Beneficial owner	53,418	0.002%

Note:

These interests disclosed include deemed interests in 224,852 shares granted which had not vested pursuant to the Share Award Scheme of the Company, and 22,000 shares held by the spouse of Mr. Cao Shiyang.

**(ii) Long position in the shares of the Associated Corporation – Shimao Group Holdings**

Name of Directors	Capacity/ Nature of interests	Number of ordinary shares held	Approximate percentage of issued share capital
Hui Sai Tan, Jason	Beneficial owner	3,682,198 <sup>(Note 1)</sup>	0.097%
Shao Liang	Beneficial owner	61,388 <sup>(Note 2)</sup>	0.002%
Cao Shiyang	Beneficial owner	93,202 <sup>(Note 3)</sup>	0.002%
Tang Fei <i>(resigned on 1 September 2024)</i>	Beneficial owner	1,241,103 <sup>(Note 4)</sup>	0.033%

Notes:

- These interests disclosed include deemed interests in 119,493 shares granted which had not vested pursuant to a share award scheme adopted by Shimao Group Holdings on 30 December 2011 (the "2011 Shimao Group Share Award Scheme").
- These interests disclosed represent deemed interests in shares granted which had not vested pursuant to the 2011 Shimao Group Share Award Scheme.
- These interests disclosed include deemed interests in 7,984 shares granted which had not vested pursuant to the 2011 Shimao Group Share Award Scheme.
- These interests disclosed include deemed interests in 124,003 shares granted which had not vested pursuant to the 2011 Shimao Group Share Award Scheme.





## CORPORATE GOVERNANCE AND OTHER INFORMATION

**Disclosure of Interests in Securities** (CONTINUED)**Directors' and Chief Executive's Interests and Short Position in the Company and the Associated Corporation** (continued)

Save as disclosed above, no other interests or short position in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) were recorded in the register.

**Directors' Right to Acquire Shares or Debentures**

Save as disclosed above, at no time during the six months ended 30 June 2024 was the Company, any of its subsidiaries, or its holding company a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

**Interests of Substantial Shareholders**

As at 30 June 2024, the interests and short position of substantial shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

*Long/short position in the shares or underlying shares of the Company*

Name	Nature of interests	Number of shares or underlying shares held	Approximate percentage of issued share capital
<b>Long Position</b>			
Best Cosmos Limited ("Best Cosmos")	Note 1	1,551,776,591	62.871%
Shimao Group Holdings	Note 1	1,551,776,591	62.871%
Overseas Investment Group International Limited ("Overseas Investment")	Note 2	1,551,776,591	62.871%
Gemfair Investments Limited ("Gemfair")	Note 3	1,583,710,750	64.165%
Mr. Hui Wing Mau	Note 4	1,594,567,092	64.605%

Notes:

- These interests disclosed comprise (i) 1,550,486,179 shares held by Best Cosmos (a company which is directly wholly-owned by Shimao Group Holdings, which is owned as to approximately 53.87% by Gemfair, a company which is directly wholly-owned by Mr. Hui Wing Mau); and (ii) 1,290,412 shares held by Best Cosmos as the trustee to hold such awarded shares upon trust until they are vested under a share award scheme adopted by Shimao Group Holdings on 3 May 2021 (the "2021 Shimao Group Share Award Scheme").
- These interests disclosed represent the right of Overseas Investment to vote on behalf of Gemfair as a shareholder at general meetings of Shimao Group Holdings, pursuant to a deed dated 12 June 2006 between Gemfair and Overseas Investment, as long as Mr. Hui Wing Mau or his associates (directly or indirectly) holds not less than a 30% interest in Shimao Group Holdings.
- These interests comprise (i) 31,934,159 shares held directly by Gemfair; (ii) 1,550,486,179 shares held by Gemfair's controlled corporations; and (iii) 1,290,412 shares held by Best Cosmos as the trustee under the 2021 Shimao Group Share Award Scheme.
- These interests comprise (i) 10,856,342 shares held directly by Shiyang Finance Limited, a company which is directly wholly-owned by Mr. Hui Wing Mau; (ii) 31,934,159 shares held by Gemfair; (iii) 1,550,486,179 shares held by Gemfair's controlled corporations; and (iv) 1,290,412 shares held by Best Cosmos as the trustee under the 2021 Shimao Group Share Award Scheme.

Save as disclosed above, no other interests and short position in the shares and underlying shares of the Company were recorded in the register.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Corporate Governance

The Company is committed to maintaining high standards of business ethics and corporate governance. The Company believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders, formulate business strategies and policies, and enhance corporate value, transparency and accountability.

### The Board

The Board currently consists of six Directors, comprising three Executive Directors and three Independent Non-executive Directors who all possess appropriate academic and professional qualifications or related financial management expertise and have brought a wide range of business and financial experience to the Board.

Brief biographical particulars of all Directors, together with information relating to the relationship among them, are set out in the “Directors and Senior Management Profiles” section under this interim report. Their diverse range of business and professional expertise ensures that the Board has a balance of skills and experience necessary to both promote the Company’s success and monitor its affairs.

The Board has the collective responsibility for leadership and control of, and for promoting the success of, the Company by directing and supervising the Company’s affairs. The Board is committed to the Company’s objective of consistent growth and development and increase in shareholder value. The Board sets strategies for the Company and monitors the performance and activities of the management.

The Board is responsible for performing the corporate governance duties set out in the code provision A.2.1 of the Corporate Governance Code (the “Code”) as contained in Appendix C1 to the Listing Rules. The principal role and function of the Board in relation to corporate governance is to develop and review the Company’s policies and practices on corporate governance, to review and monitor the training and continuous professional development of Directors and senior management of the Company, to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements, to develop, review and monitor the code of conduct applicable to employee and Directors, and to review the Company’s compliance with the Code and disclosure in the corporate governance report under the annual report of the Company.

### Audit Committee

The audit committee of the Company (the “Audit Committee”) comprises all three Independent Non-executive Directors, namely, Mr. Hui Wai Man, Lawrence (as the chairman of the Audit Committee), Mr. Gu Yunchang and Ms. Zhou Xinyi.

The primary duties of the Audit Committee are to assist the Board to review the financial reporting process, internal control and risk management systems of the Company, nominate and monitor external auditor and provide advice and comments to the Directors.

The Audit Committee meets the external auditor at least twice a year to discuss any significant items during the audits and considers any matters raised by the Company’s staff responsible for the accounting and financial reporting function, compliance officer or auditor. The Audit Committee reviews the interim and annual reports before submission to the Board. The Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company’s interim and annual reports.

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



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Remuneration Committee

The remuneration committee of the Company (the “Remuneration Committee”) comprises all three Independent Non-executive Directors, namely, Ms. Zhou Xinyi (as the chairman of the Remuneration Committee), Mr. Gu Yunchang and Mr. Hui Wai Man, Lawrence.

The primary functions of the Remuneration Committee include, but not limited to evaluate the performance and make recommendations to the Board on the remuneration package of the Directors and senior management and to evaluate as well as make recommendations on the Company’s share award scheme, retirement scheme and the performance assessment system and bonus and commission policies.

### Nomination Committee

The nomination committee of the Company (the “Nomination Committee”) comprises all three Independent Non-executive Directors, namely, Mr. Gu Yunchang (as the chairman of the Nomination Committee), Ms. Zhou Xinyi and Mr. Hui Wai Man, Lawrence.

The primary function of the Nomination Committee is to identify and nominate suitable candidates, for the Board’s consideration and recommendation to stand for election by shareholders at annual general meeting, or when necessary, make recommendations to the Board to fill Board vacancies when they arise.

### Company Secretary

Ms. Chan Ka Yan is a full-time employee of the Company with professional qualifications and extensive experience to discharge the functions of Company Secretary of the Company. The Company Secretary plays an important role in supporting the Board by ensuring efficient information flow within the Board and that Board procedures, and all applicable law, rules and regulations are followed. The Company Secretary reports to the Board through the Chairman whilst all Directors have access to the advice and services of the Company Secretary.

### Directors’ Securities Transactions

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Before the Group’s interim and annual results are announced, notifications are sent to the Directors to remind them not to deal in the securities of the Company during the blackout periods. 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.

### Corporate Governance Code

The Company has complied with all applicable code provisions set out in the 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.

### 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 AND OTHER INFORMATION

**Choice of Language or Means of Receipt of Corporate Communications**

This interim report is now available in printed form and on the websites of the Company ([www.shimaofuwu.com](http://www.shimaofuwu.com)) and Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). If shareholders who have received or chosen (or are deemed to have chosen) to receive this interim report by electronic means but (i) wish to receive a printed copy; or (ii) for any reason have difficulty in receiving or gaining access to this report on the Company's website, they may obtain a printed copy free of charge by sending a request to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited ("Tricor Investor") by email at [873-ecom@hk.tricorglobal.com](mailto:873-ecom@hk.tricorglobal.com) or by post to 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Shareholders are encouraged to access the Company's corporate communications electronically via the Company's website to help protect the environment. For shareholders who wish to change their choice of language or means of receipt of the Company's future corporate communications, free of charge, they could at any time notify Tricor Investor by email or by post.



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

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Revenue</b>	7	<b>4,031,765</b>	4,098,139
Cost of sales and services	7	<b>(3,220,257)</b>	(3,235,465)
<b>Gross profit</b>		<b>811,508</b>	862,674
Selling and marketing expenses		<b>(59,551)</b>	(63,255)
Administrative expenses		<b>(418,856)</b>	(448,688)
Impairment losses on financial assets – net	8	<b>(86,516)</b>	(13,085)
Other income	9	<b>5,971</b>	32,445
Other gains and losses – net	10	<b>(51)</b>	(97,031)
Other operating expenses	11	<b>(473)</b>	(4,354)
<b>Operating profit</b>		<b>252,032</b>	268,706
Finance income		<b>22,115</b>	31,760
Finance costs		<b>(19,171)</b>	(19,562)
Finance income – net	12	<b>2,944</b>	12,198
Share of results of associates	15	<b>7,050</b>	3,745
<b>Profit before income tax</b>	8	<b>262,026</b>	284,649
Income tax expense	13	<b>(51,189)</b>	(80,703)
<b>Profit for the period</b>		<b>210,837</b>	203,946
<b>Profit attributable to:</b>			
– Equity holders of the Company		<b>183,965</b>	154,780
– Non-controlling interests		<b>26,872</b>	49,166
		<b>210,837</b>	203,946
<b>Other comprehensive income for the period, net of tax</b> <i>Items that may be reclassified to profit or loss</i>			
– Exchange differences on translation of foreign operations		<b>13,503</b>	4,282
<b>Total comprehensive income for the period</b>		<b>224,340</b>	208,228
<b>Total comprehensive income attributable to:</b>			
– Equity holders of the Company		<b>197,468</b>	159,062
– Non-controlling interests		<b>26,872</b>	49,166
		<b>224,340</b>	208,228
<b>Earnings per share</b>	14		
– Basic (RMB CENT)		<b>7.46</b>	6.36
– Diluted (RMB CENT)		<b>7.43</b>	6.34

The notes on pages 37 to 66 form an integral part of this interim condensed consolidated financial in statements.



## 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)
<b>Non-current assets</b>			
Property, plant and equipment	16	544,242	571,929
Right-of-use assets	26	66,489	80,217
Investment properties	16	17,804	18,271
Intangible assets	17	2,584,730	2,657,718
Deferred tax assets	27	288,721	255,538
Interests in associates	15	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	20	78,804	1,123,223
<b>Total non-current assets</b>		<b>3,797,455</b>	5,057,499
<b>Current assets</b>			
Inventories	18	242,645	210,883
Trade receivables	19	3,763,168	3,209,178
Contract assets		22,533	10,828
Financial assets at fair value through profit or loss		124,178	–
Prepayments, deposits and other receivables	20	2,076,790	926,452
Restricted bank balances	21	98,352	36,898
Time deposits with maturity over three months	21	–	1,000,000
Cash and cash equivalents	21	4,410,010	3,788,300
<b>Total current assets</b>		<b>10,737,676</b>	9,182,539
<b>Current liabilities</b>			
Trade payables	25	1,447,402	1,212,521
Deposits received, accruals and other payables	25	2,057,759	2,120,108
Contract liabilities		1,251,842	1,253,358
Income tax liabilities		399,047	393,199
Borrowings	24	231,840	232,154
Lease liabilities	26	26,357	32,383
<b>Total current liabilities</b>		<b>5,414,247</b>	5,243,723
<b>Net current assets</b>		<b>5,323,429</b>	3,938,816
<b>Total assets less current liabilities</b>		<b>9,120,884</b>	8,996,315





## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2024

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>Non-current liabilities</b>			
Borrowings	24	54,638	67,788
Lease liabilities	26	31,723	35,954
Deferred tax liabilities	27	165,413	156,631
Provisions for other liabilities and charges	23	30,153	30,311
Other payables	25	5,330	59,478
<b>Total non-current liabilities</b>		<b>287,257</b>	350,162
<b>Net assets</b>		<b>8,833,627</b>	8,646,153
<b>Equity</b>			
Share capital	22	21,358	21,358
Reserves		8,150,308	7,895,082
<b>Equity attributable to equity holders of the Company</b>		<b>8,171,666</b>	7,916,440
<b>Non-controlling interests</b>		<b>661,961</b>	729,713
<b>Total equity</b>		<b>8,833,627</b>	8,646,153

The notes on pages 37 to 66 form an integral part of this interim condensed consolidated financial statements.



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

Notes	Unaudited									
	Attributable to equity holders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserves	Other reserves	Treasury stock	Retained earnings	Total			
RMB'000 (Note 22)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Balance at 1 January 2024</b>	21,358	8,371,502	249,499	(1,659,306)	(5,132)	938,519	7,916,440	729,713	8,646,153	
<b>Comprehensive income</b>										
Profit for the period	-	-	-	-	-	183,965	183,965	26,872	210,837	
<b>Other comprehensive income</b>										
	-	-	-	13,503	-	-	13,503	-	13,503	
<b>Total comprehensive income for the period</b>	-	-	-	13,503	-	183,965	197,468	26,872	224,340	
<b>Transactions with owners in their capacity as owners</b>										
Acquisition of equity interests of subsidiaries from non-controlling interests	30(a)	-	-	-	57,107	-	-	57,107	(57,107)	-
Capital injection from non-controlling interests of subsidiaries		-	-	-	-	-	-	2,000	2,000	
Dividend paid to non-controlling interest		-	-	-	-	-	-	(39,517)	(39,517)	
Equity-settled share-based payment – share award scheme	8	-	-	-	651	-	-	651	-	651
Lapse of shares under equity-settled – share-based payment-share award scheme		-	243	-	(1,760)	1,517	-	-	-	-
<b>Total transactions with owners</b>		-	243	-	55,998	1,517	-	57,758	(94,624)	(36,866)
<b>Balance at 30 June 2024</b>	21,358	8,371,745	249,499	(1,589,805)	(3,615)	1,122,484	8,171,666	661,961	8,833,627	



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2024

	Unaudited									
	Attributable to equity holders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserves	Other reserves	Treasury stock	Retained earnings	Total			
Notes	RMB'000 (Note 22)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Balance at 1 January 2023</b>		21,358	8,416,063	219,366	(1,752,621)	(32,029)	695,407	7,567,544	799,683	8,367,227
<b>Comprehensive income</b>										
Profit for the period		-	-	-	-	-	154,780	154,780	49,166	203,946
<b>Other comprehensive income</b>										
		-	-	-	4,282	-	-	4,282	-	4,282
<b>Total comprehensive income for the period</b>		-	-	-	4,282	-	154,780	159,062	49,166	208,228
<b>Transactions with owners in their capacity as owners</b>										
Acquisition of equity interests of subsidiaries from non-controlling interests	30(b)	-	(41,672)	-	32,594	-	-	(9,078)	(45,483)	(54,561)
Capital injection from non-controlling interests of subsidiaries		-	-	-	-	-	-	-	3,335	3,335
Dividend paid to non-controlling interest		-	-	-	-	-	-	-	(57,514)	(57,514)
Repurchased shares		-	-	-	-	(14,271)	-	(14,271)	-	(14,271)
Equity-settled share-based payment – share award scheme	8	-	-	-	7,136	-	-	7,136	-	7,136
Vesting of shares under equity-settled – share-based payment-share award scheme		-	(8,428)	-	(30,243)	38,671	-	-	-	-
Lapse of shares under equity-settled – share-based payment-share award scheme		-	-	-	(303)	303	-	-	-	-
<b>Total transactions with owners</b>		-	(50,100)	-	9,184	24,703	-	(16,213)	(99,662)	(115,875)
<b>Balance at 30 June 2023</b>		21,358	8,365,963	219,366	(1,739,155)	(7,326)	850,187	7,710,393	749,187	8,459,580

The notes on pages 37 to 66 form an integral part of this interim condensed consolidated financial statements.



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Cash flows (used in)/from operating activities</b>			
Cash generated from operations		1,825	375,938
Interest received on bank deposits		22,115	31,760
Income tax paid		(69,741)	(57,130)
<b>Net cash (used in)/generated from operating activities</b>		<b>(45,801)</b>	350,568
<b>Cash flows from investing activities</b>			
Payments for acquisition of subsidiaries, net of cash acquired		(100,908)	(63,606)
Payments for property, plant and equipment		(65,491)	(53,991)
Proceeds from disposal of property, plant and equipment		11,818	45,505
Payments of software development costs		(4,368)	(5,335)
Dividends received from associates		9,500	9,500
Redemption of time deposits with maturity over three months		1,000,000	1,660,000
<b>Net cash from investing activities</b>		<b>850,551</b>	1,592,073
<b>Cash flows from financing activities</b>			
Payments for acquisition from non-controlling interests	30(a)	(57,107)	(32,234)
Capital injection from non-controlling interests of subsidiaries		2,000	3,335
Dividend paid to non-controlling interests		(39,517)	(28,505)
Proceeds from new borrowings		27,000	32,000
Interest paid on borrowings		(14,005)	(15,173)
Repayments of borrowings		(40,465)	(121,356)
Payments for lease liabilities	26(c)	(15,387)	(16,612)
Interest paid on lease liabilities	26(c)	(1,660)	(2,241)
Payment for repurchase of shares		–	(14,271)
Proceeds from other borrowings		–	33,790
Repayments of other borrowings		(40,406)	(27,178)
Interest paid on other borrowings		(3,506)	(2,148)
<b>Net cash used in financing activities</b>		<b>(183,053)</b>	(190,593)
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period		3,788,300	1,752,048
Effects of exchange rate changes on cash and cash equivalents		13	2,307,301
<b>Cash and cash equivalents at end of the period</b>		<b>4,410,010</b>	4,075,899

The notes on pages 37 to 66 form an integral part of this interim condensed consolidated financial statements.



# 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 provisions 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 Islands (the “BVI”) and intermediate holding company is Shimao Group Holdings Limited (“Shimao Group”) whose shares are listed on the Main Board of 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 policies 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.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

### 4. Estimates

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

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 described in the Group's annual financial statements for the year ended 31 December 2023.

### 5. Financial risk management objectives and policies

#### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, credit risk and liquidity risk.

The interim condensed consolidated financial statements does not include all financial risk management 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.

There have been no significant changes in any risk management policies since the year end.

#### 5.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for capital management since the year end.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total debt less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the interim condensed consolidated balance sheets plus net debt.

The Group is at a net cash position and there is no gearing as of 30 June 2024 (31 December 2023: Same).

#### 5.3 Fair value estimation

##### (i) *Financial instruments not measured at fair value*

Except for the below, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the interim condensed consolidated balance sheet approximate to their fair values.

##### (ii) *Financial instruments measured at fair value*

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).





## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 5. Financial risk management objectives and policies (CONTINUED)

## 5.3 Fair value estimation (continued)

## (ii) Financial instruments measured at fair value (continued)

The following table presents the Group's financial assets and liabilities measured at fair value at the end of each reporting period.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 30 June 2024 (Unaudited)</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss ("FVPL")	–	–	124,178	124,178
<b>Liabilities</b>				
Consideration payable arising from non-controlling shareholders' put option (Note 25)	–	–	50,513	50,513
Purchase consideration (Note 25)	–	–	254,249	254,249
	–	–	304,762	304,762
<b>As at 31 December 2023 (Audited)</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss ("FVPL")	–	–	124,178	124,178
<b>Liabilities</b>				
Consideration payable arising from non-controlling shareholders' put option (Note 25)	–	–	50,513	50,513
Purchase consideration (Note 25)	–	–	412,264	412,264
	–	–	462,777	462,777



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 5. Financial risk management objectives and policies (CONTINUED)

## 5.3 Fair value estimation (continued)

## (ii) Financial instruments measured at fair value (continued)

The following table presents the changes in Level 3 instruments for the reporting period.

	Financial assets at FVPL RMB'000	Consideration payable arising from non-controlling shareholders' put option RMB'000	Purchase consideration RMB'000
<b>As at 1 January 2023</b>	84,250	(331,261)	(387,535)
Additions	–	–	(94,858)
Payments	–	–	301,590
Non-cash transaction Transfer	(4,410)	–	4,410
Acquisition of non-controlling interests	–	147,502	(147,502)
Change in fair value recognised in the profit or loss	–	115,679	–
	44,338	17,567	(88,369)
As at 31 December 2023 (Audited)	124,178	(50,513)	(412,264)
<b>As at 1 January 2024</b>	<b>124,178</b>	<b>(50,513)</b>	<b>(412,264)</b>
Payments	–	–	<b>158,015</b>
As at 30 June 2024 (Unaudited)	<b>124,178</b>	<b>(50,513)</b>	<b>(254,249)</b>

There were no transfers between the three levels for the six months ended 30 June 2024 (31 December 2023: Same). The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

The Group manages the valuation of Level 3 instruments for financial reporting purpose on a case-by-case basis. At least once every reporting year, the Group would assess the fair value of the Group's Level 3 instruments by using valuation techniques.

## 6. 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 profits, adjusted by excluding finance income, finance costs, other gains and losses – net, share 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.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 6. Segment information (CONTINUED)

The principal operating entity of the Group is domiciled in the PRC. For the purpose of segment information disclosure under HKFRS 8, the Group regarded the PRC as its place of domicile. The Group's revenue from external customers is classified based on the geographical locations of the customers. 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).

	Property management and related services RMB'000	City services RMB'000	Total RMB'000
<b>Six months ended 30 June 2024 (Unaudited)</b>			
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 (losses)/gains 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)
<b>Six months ended 30 June 2023 (Unaudited)</b>			
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 gains/(losses) 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 RMB'000 (Unaudited)	2023 RMB'000 (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



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 6. Segment information (CONTINUED)

The segment assets and liabilities are as follows:

	Property management and related services RMB'000	City services RMB'000	Total RMB'000
<b>As at 30 June 2024 (unaudited)</b>			
Segment assets	<b>8,946,415</b>	<b>1,673,006</b>	<b>10,619,421</b>
Segment liabilities	<b>4,189,314</b>	<b>661,252</b>	<b>4,850,566</b>
<b>As at 31 December 2023 (audited)</b>			
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	<b>10,619,421</b>	11,481,917
Deferred tax assets	<b>288,721</b>	255,538
Interests in associates	<b>58,569</b>	61,019
Other corporate assets	<b>3,568,420</b>	2,441,564
Total assets	<b>14,535,131</b>	14,240,038
Segment liabilities	<b>4,850,566</b>	4,744,113
Deferred tax liabilities	<b>165,413</b>	156,631
Income tax liabilities	<b>399,047</b>	393,199
Borrowings	<b>286,478</b>	299,942
Total liabilities	<b>5,701,504</b>	5,593,885



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 7. 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
<b>Revenue from customer and recognised over time:</b>				
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
	<b>3,657,374</b>	<b>2,931,158</b>	3,614,987	2,878,639
<b>Revenue from customer and recognised at a point in time:</b>				
Community value-added services	374,391	289,099	483,152	356,826
	<b>4,031,765</b>	<b>3,220,257</b>	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
	<b>4,031,765</b>	<b>3,220,257</b>	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).



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 8. Profit before income tax

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

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Employee benefit expenses (excluding directors' and chief executive's remuneration)		<b>1,815,305</b>	1,950,505
Equity-settled share-based payment	29		
– Employees other than directors		<b>394</b>	5,174
– Directors		<b>257</b>	1,962
		<b>651</b>	7,136
Impairment losses on financial assets – net:			
– Third parties			
Impairment losses on trade receivables	19	<b>100,677</b>	20,520
(Reversal of)/provision for impairment losses on other financial assets included in deposits and other receivables	20	<b>(93)</b>	1,033
– Related parties			
Impairment losses on trade receivables	19	<b>216</b>	747
Reversal of impairment losses on other financial assets included in deposits and other receivables	20	<b>(14,284)</b>	(9,215)
Total impairment losses on financial assets – net		<b>86,516</b>	13,085
Depreciation and amortisation:			
Depreciation of property, plant and equipment	16	<b>83,079</b>	73,111
Depreciation of right-of-use assets, included in administrative expenses	26(b)	<b>18,860</b>	25,460
Depreciation of investment properties	16	<b>467</b>	505
Amortisation of intangible assets	17	<b>74,958</b>	95,358
		<b>177,364</b>	194,434
Auditors' remuneration			
– Non-audit services		<b>500</b>	500
Cost of inventories sold		<b>83,811</b>	155,204
Cost of selling parking lots		<b>3,356</b>	28,702
Raw materials used in catering services		<b>56,445</b>	54,921





## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 9. Other income

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

(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.

## 10. Other gains and losses – net

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Net fair value (losses)/gains of non-controlling shareholders’ put options (Note 5.3)	–	(6,749)
Fair value changes in consideration payable	–	(88,369)
Net gains on disposal of property, plant and equipment	3,689	963
Net foreign exchange gains	13	77
Others	(3,753)	(2,953)
	<b>(51)</b>	<b>(97,031)</b>

## 11. Other operating expenses

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Depreciation of investment properties (Note 16)	467	505
Compensation expenses	6	3,849
	<b>473</b>	<b>4,354</b>



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 12. Finance income – net

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest income on bank deposits	22,115	31,760
<b>Finance income</b>	<b>22,115</b>	31,760
Interest and finance charges paid/payable for borrowings, lease liabilities and others	(19,171)	(19,562)
<b>Finance costs</b>	<b>(19,171)</b>	(19,562)
<b>Finance income – net</b>	<b>2,944</b>	12,198

## 13. Income tax expense

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current income tax – PRC – Corporate income tax	75,590	63,585
Deferred income tax (credit)/expenses (Note 27) – PRC corporate income tax	(24,401)	17,118
	<b>51,189</b>	80,703

**(a) Cayman Islands income tax**

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

**(b) BVI income tax**

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

**13. Income tax expense (CONTINUED)****(c) Hong Kong profits tax**

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the year. No provision for Hong Kong profits tax was made as the Group did not derive any income subject to Hong Kong profits tax for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

**(d) PRC enterprise income tax**

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the years, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate was 25% for the six months ended 30 June 2024.

Tibet Shimao Tiancheng Property Management Co., Ltd. applied a renewal of preferential tax rate of 15% until 31 December 2030 for its head office in Tibet as part of the Western Region Development strategy after it changed its place of incorporation from Shanghai to Tibet on 19 December 2017.

Xi'an Fangrui Property Management Co., Ltd. and Chengdu Xinyi Property Co., Ltd and Hailiang Real Estate Management Co., Ltd applied a preferential tax rate of 15% for its head office in the Western province.

In accordance with Caishui Circular [2012] No. 27 ("Circular No. 27"), Shimao Wulianwang is qualified as a software enterprise and enjoying a 5-year tax holiday (two years full exemption followed by three years half reduction) beginning from 2021 after utilising all prior years' tax losses. The income tax rate for Shimao Wulianwang was 0% from 2020 to 2021 and 12.5% from 2022 to 2024.

Shanghai Chungji Elderly Care Service Co., Ltd, and Wuxi Jinshatian Technology Co., Ltd. established in the PRC that were acquired in 2021 are qualified as "High and New Technology Enterprise" subject to a preferential income tax rate of 15% for three years from 8 December 2023, 18 November 2022, respectively.

The corporate income tax rate applicable to the entities located in Mainland China out of Tibet Autonomous Region is 25% according to the Enterprise Income Tax Law of the PRC (2023: 25%).

**(e) PRC withholding income tax**

According to the new Enterprise Income Tax Law of the PRC, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

Gain on disposal of an investment in the PRC by overseas holding companies and intra-group charges to the PRC subsidiaries by overseas subsidiaries may also be subject to withholding tax of 10%.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 14. 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 (Unaudited)	2023 (Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	183,965	154,780
Weighted average number of equity 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 ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares arising from the Share Award Scheme (Note 29).

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit for the period, attributable to equity holders of the Company for diluted earnings per share (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	4,105
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



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 15. Interests in associates

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
At the beginning of the period/year	61,019	59,786
Additional investment during the period	8,000	–
Share of profits – net	7,050	12,102
Deregistration	–	(869)
Dividends	(17,500)	(10,000)
At the end of the period/year	58,569	61,019

Set out below is the principal associates of the Group:

Name of entity	Place of business/ country of incorporation	% of ownership interest		Principal activities
		As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)	
Yunmao Interconnect Intelligent Technology (Xiamen) Co., Ltd	The PRC	49	49	AI technology development and technical supporting services
Kunming Ruixin City Operation Management Co., Ltd	The PRC	33	33	Property management services
Shanghai Maoyuan Property Management Co., Ltd	The PRC	49	49	Property management services
Zhejiang Xinyu Trade Co., Ltd.	The PRC	40	40	School supermarket operation
Zhejiang Xinyu Education Logistics Management Co., Ltd.	The PRC	30	30	School logistics services
Fuzhou Fulv Shimao Property Co., Ltd	The PRC	49	49	Property management services
Suzhou Xianglv Property Management Services Co., Ltd	The PRC	40	40	Property management services
Right Goal Global Limited	The PRC	48.5	48.5	Business Services



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 16. Property, plant and equipment and investment properties

	Property, plant and equipment RMB'000	Investment properties RMB'000	Total RMB'000
<b>As at 1 January 2023 (audited)</b>			
Cost	788,386	22,131	810,517
Accumulated depreciation	(197,831)	(2,888)	(200,719)
<b>Carrying amounts</b>	<b>590,555</b>	<b>19,243</b>	<b>609,798</b>
<b>Six months ended 30 June 2023</b>			
Opening carrying amounts	590,555	19,243	609,798
Additions	53,991	–	53,991
Depreciation charge (Note 8)	(73,111)	(505)	(73,616)
Disposals	(21,887)	–	(21,887)
<b>Closing carrying amounts</b>	<b>549,548</b>	<b>18,738</b>	<b>568,286</b>
<b>As at 30 June 2023 (unaudited)</b>			
Cost	820,490	22,131	842,621
Accumulated depreciation	(270,942)	(3,393)	(274,335)
<b>Carrying amounts</b>	<b>549,548</b>	<b>18,738</b>	<b>568,286</b>
<b>As at 1 January 2024 (audited)</b>			
Cost	<b>932,613</b>	<b>22,131</b>	<b>954,744</b>
Accumulated depreciation	<b>(354,227)</b>	<b>(3,860)</b>	<b>(358,087)</b>
Impairment loss	<b>(6,457)</b>	<b>–</b>	<b>(6,457)</b>
<b>Carrying amounts</b>	<b>571,929</b>	<b>18,271</b>	<b>590,200</b>
<b>Six months ended 30 June 2024</b>			
Opening carrying amounts	<b>571,929</b>	<b>18,271</b>	<b>590,200</b>
Additions	<b>63,521</b>	<b>–</b>	<b>63,521</b>
Depreciation charge (Note 8)	<b>(83,079)</b>	<b>(467)</b>	<b>(83,546)</b>
Disposals	<b>(8,129)</b>	<b>–</b>	<b>(8,129)</b>
<b>Closing carrying amounts</b>	<b>544,242</b>	<b>17,804</b>	<b>562,046</b>
<b>As at 30 June 2024 (unaudited)</b>			
Cost	<b>988,005</b>	<b>22,131</b>	<b>1,010,136</b>
Accumulated depreciation	<b>(437,306)</b>	<b>(4,327)</b>	<b>(441,633)</b>
Impairment loss	<b>(6,457)</b>	<b>–</b>	<b>(6,457)</b>
<b>Carrying amounts</b>	<b>544,242</b>	<b>17,804</b>	<b>562,046</b>





## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

**16. Property, plant and equipment and investment properties** (CONTINUED)

As at 30 June 2024, no buildings was pledged to secure borrowings granted to the Group (31 December 2023: Nil).

As at 30 June 2024, an aggregated amount of approximately RMB35,875,579.22 of certain machinery and equipment and vehicles used in city services segment were pledged to secure the other borrowings of the Group (31 December 2023: RMB62,554,650).

As at 30 June 2024, none of investment properties were pledged (31 December 2023: Nil).

Depreciation expenses were charged to the following categories in the interim condensed consolidated statement of comprehensive income:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of sales and services	78,628	64,073
Administrative expenses	4,451	9,038
Other operating expenses (Note 11)	467	505
	<b>83,546</b>	73,616



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 17. Intangible assets

	Computer software RMB'000	Goodwill (Note (a)) RMB'000	Customer relationship RMB'000	Concession intangible assets RMB'000	Brand name RMB'000	Total RMB'000
<b>As at 1 January 2023 (audited)</b>						
Cost	166,517	1,740,300	1,244,461	79,058	16,000	3,246,336
Accumulated amortisation	(43,077)	–	(271,527)	(16,228)	(2,667)	(333,499)
<b>Carrying amounts</b>	<b>123,440</b>	<b>1,740,300</b>	<b>972,934</b>	<b>62,830</b>	<b>13,333</b>	<b>2,912,837</b>
<b>Six months ended 30 June 2023</b>						
Opening carrying amount	123,440	1,740,300	972,934	62,830	13,333	2,912,837
Amortisation charge (Note 8)	(17,726)	–	(68,005)	(8,627)	(1,000)	(95,358)
<b>Closing carrying amounts</b>	<b>105,714</b>	<b>1,740,300</b>	<b>904,929</b>	<b>54,203</b>	<b>12,333</b>	<b>2,817,479</b>
<b>As at 30 June 2023 (unaudited)</b>						
Cost	166,517	1,740,300	1,244,461	79,058	16,000	3,246,336
Accumulated amortisation	(60,803)	–	(339,532)	(24,855)	(3,667)	(428,857)
<b>Carrying amounts</b>	<b>105,714</b>	<b>1,740,300</b>	<b>904,929</b>	<b>54,203</b>	<b>12,333</b>	<b>2,817,479</b>
<b>As at 1 January 2024 (audited)</b>						
Cost	<b>216,863</b>	<b>2,445,381</b>	<b>1,265,000</b>	<b>82,852</b>	<b>16,000</b>	<b>4,026,096</b>
Impairment loss on intangible assets	–	<b>(720,472)</b>	<b>(126,464)</b>	–	–	<b>(846,936)</b>
Accumulated amortisation	<b>(81,089)</b>	–	<b>(407,537)</b>	<b>(28,149)</b>	<b>(4,667)</b>	<b>(521,442)</b>
<b>Carrying amounts</b>	<b>135,774</b>	<b>1,724,909</b>	<b>730,999</b>	<b>54,703</b>	<b>11,333</b>	<b>2,657,718</b>
<b>Six months ended 30 June 2024</b>						
Opening carrying amount	<b>135,774</b>	<b>1,724,909</b>	<b>730,999</b>	<b>54,703</b>	<b>11,333</b>	<b>2,657,718</b>
Additions	<b>1,970</b>	–	–	–	–	<b>1,970</b>
Amortisation charge (Note 8)	<b>(11,694)</b>	–	<b>(57,033)</b>	<b>(1,564)</b>	<b>(4,667)</b>	<b>(74,958)</b>
<b>Closing carrying amounts</b>	<b>126,050</b>	<b>1,724,909</b>	<b>673,966</b>	<b>53,139</b>	<b>6,666</b>	<b>2,584,730</b>
<b>As at 30 June 2024 (unaudited)</b>						
Cost	<b>218,833</b>	<b>2,445,381</b>	<b>1,265,000</b>	<b>82,852</b>	<b>16,000</b>	<b>4,028,066</b>
Accumulated amortisation	<b>(92,783)</b>	–	<b>(464,570)</b>	<b>(29,713)</b>	<b>(9,334)</b>	<b>(596,400)</b>
Impairment loss on intangible assets	–	<b>(720,472)</b>	<b>(126,464)</b>	–	–	<b>(846,936)</b>
<b>Carrying amounts</b>	<b>126,050</b>	<b>1,724,909</b>	<b>673,966</b>	<b>53,139</b>	<b>6,666</b>	<b>2,584,730</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

**17. Intangible assets (CONTINUED)**

Amortisation of intangible assets has been charged to the interim condensed consolidated statement of profit or loss and other comprehensive income as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of sales and services	4,389	9,137
Administrative expenses	70,569	86,221
	<b>74,958</b>	95,358

Note:

**(a) Goodwill**

As at 30 June 2024, the recoverable amounts of certain subsidiaries acquired in prior years included in certain cash-generating units ("CGUs") have been determined based on a value-in-use calculation with reference to cash flow projections based on the most recent financial budget approved by the management covering a period of 5 years. Based on the management's assessment, no impairment loss on goodwill was recognised during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

**18. Inventories**

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Car parking spaces purchased from third parties	210,510	175,476
Other inventories	32,135	35,407
	<b>242,645</b>	210,883



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 19. Trade receivables

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables		
– Related parties (Note 31(c))	749,000	748,477
– Third parties	4,005,901	3,354,689
	<b>4,754,901</b>	4,103,166
Note receivables		
– Related parties (Note 31(c))	1,300	1,437
– Third parties	1,903	1,558
	<b>3,203</b>	2,995
Less: Allowance for impairment of trade receivables	<b>(994,936)</b>	(896,983)
	<b>3,763,168</b>	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.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

**19. Trade receivables (CONTINUED)**

An ageing analysis of the trade receivables as at the end of the reporting period, based on the earlier of invoice date or revenue 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
	<b>4,754,901</b>	4,103,166

As at 30 June 2024, the trade receivables were denominated in RMB, and the fair value of trade receivables approximated their carrying amounts (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.

The movement in provision for impairment of trade receivables are as follows:

	Third parties		Total	Related parties		Total
	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000		Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	
<b>As at 1 January 2023 (audited)</b>	361,928	6,679	368,607	–	406,847	406,847
Transfer to credit-impaired	–	–	–	–	–	–
Written off	–	(6,063)	(6,063)	–	–	–
Charge/(credit) for the year	27,999	86,488	114,487	–	13,105	13,105
<b>As at 1 January 2024 (audited)</b>	<b>389,927</b>	<b>87,104</b>	<b>477,031</b>	–	<b>419,952</b>	<b>419,952</b>
Written off	–	(2,940)	(2,940)	–	–	–
Charge for the period	<b>(22,241)</b>	<b>122,918</b>	<b>100,677</b>	–	<b>216</b>	<b>216</b>
<b>As at 30 June 2024 (unaudited)</b>	<b>367,686</b>	<b>207,082</b>	<b>574,768</b>	–	<b>420,168</b>	<b>420,168</b>

As at 30 June 2024, trade receivables of approximately RMB45,691,000 was pledged to secure borrowings granted to the Group (31 December 2023: RMB83,011,000) (Note 24).



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 20. Prepayments, deposits and other receivables

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Prepayments		
Non-current prepayments		
– Prepayments to customers (Note (a))	19,113	20,234
– Other prepayments	59,691	17,861
	<b>78,804</b>	38,095
Current prepayments		
– Related Parties (Note 31(c))	45,292	32,147
– Utilities	79,678	54,615
– Raw materials for value added services	70,565	38,726
– Other prepayments	187,058	191,025
	<b>382,593</b>	316,513
Subtotal	<b>461,397</b>	354,608
Other receivables		
– Advance to related parties (Notes (b) and 31(c))	330,356	355,865
– Advance to employees	25,719	23,038
– Payments on behalf of property owners (Note (c))	7,397	7,397
– Deposits	189,686	175,828
– Deposits paid for an exclusive right in sales of parking spaces (Note (d))	1,154,439	1,164,597
– Others	262,332	258,451
Subtotal	<b>1,969,929</b>	1,985,176
Total	<b>2,431,326</b>	2,339,784
Less: Allowance for impairment of other receivables	<b>(275,732)</b>	(290,109)
	<b>2,155,594</b>	2,049,675
Non-current	<b>78,804</b>	1,123,223
Current	<b>2,076,790</b>	926,452
	<b>2,155,594</b>	2,049,675

Notes:

- (a) Prepayments to customers mainly represented the initial consideration paid to schools to obtain the operation of the students' apartments.
- (b) Other receivables from related parties were unsecured, interest-free and repayable on demand. They mainly represented payment to related parties for the right of sales of car parking spaces, the payment would be refunded to the Group upon relevant car parking spaces are sold.
- (c) Balances represented the payments on behalf of property owners in respect of utilities and elevator maintenance costs of the properties.
- (d) Balances represent the deposit paid to a third party for an exclusive right in selling of parking spaces and earning commission fee. Such deposits are expected to be refund in June 2025.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 20. Prepayments, deposits and other receivables (CONTINUED)

The movement in provision for impairment of other receivables are as follows:

	Third parties	Related parties		Total RMB'000
	12m ECL (not credit- impaired) RMB'000	12m ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	
<b>As at 1 January 2023</b>	91,930	–	248,531	340,461
Written off	(9,611)	–	–	(9,611)
Charge/(reversal) for the year	8,506	–	(49,247)	(40,741)
<b>As at 1 January 2024</b>	<b>90,825</b>	–	<b>199,284</b>	<b>290,109</b>
Credit for the year	(93)	–	(14,284)	(14,377)
<b>As at 30 June 2024</b>	<b>90,732</b>	–	<b>185,000</b>	<b>275,732</b>

## 21. Cash and cash equivalents/Time deposits with maturity over three months/Restricted bank balances

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Cash on hand	1,294	2,029
Time deposits with maturity over three months	–	1,000,000
Cash at bank	4,507,068	3,823,169
	<b>4,508,362</b>	4,825,198
Time deposits with maturity over three months	–	(1,000,000)
Restricted bank balances	(98,352)	(36,898)
Cash and cash equivalents	<b>4,410,010</b>	3,788,300

Cash and cash equivalents include cash at bank and short term time deposits with a maturity of less than three months. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between seven days and a year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

Restricted bank balances were cash deposit of performance security as at 30 June 2024 (31 December 2023: Same).

As at 30 June 2024, restricted bank balances, time deposits with maturity over three months and cash and cash equivalents of the Group which is denominated in Renminbi amounted to approximately RMB2,223,970,000.00 (31 December 2023: RMB2,555,559,000). The Renminbi is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for other currencies through banks authorised to conduct foreign exchange business. The remaining cash and cash equivalents denominated in Hong Kong dollar, United States dollars and Great British Pounds amounted to approximately RMB664,031,000.00 (31 December 2023: RMB657,640,000) and RMB1,412,293,000.00 (31 December 2023: RMB1,403,497,000) and RMB208,069,000.00 (31 December 2023: RMB208,502,000) respectively.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 22. Share capital

	Number of ordinary shares	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

## 23. Provisions for other liabilities and charges

	As at 30 June 2024 (Unaudited) Non-current RMB'000	As at 31 December 2023 (Audited) Non-current RMB'000
Claim provisions	<b>30,153</b>	30,311

As at 30 June 2024, the Group has several unsettled legal claims and the management has assessed the possible provision amount of RMB30,153,000 (31 December 2023: RMB30,311,000).



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 24. Borrowings

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Borrowings included in non-current liabilities		
Long-term bank borrowings		
– unsecured	8,000	15,000
– secured (Note)	224,498	237,407
	<b>232,498</b>	252,407
Less: Portion of long-term bank borrowings due within one year	<b>(177,860)</b>	(184,619)
	<b>54,638</b>	67,788
Borrowings included in current liabilities		
Short-term bank borrowings		
– secured	29,980	29,980
– unsecured	24,000	17,555
Current portion of non-current borrowings	177,860	184,619
	<b>231,840</b>	232,154
Total borrowings	<b>286,478</b>	299,942

Note:

As at 30 June 2024, bank borrowings of RMB254,478,000 (31 December 2023: RMB267,387,000) are pledged by certain properties of directors of Group's subsidiaries, certain projects and receivables and equity interest of Group's subsidiaries.

For six months ended 30 June 2024, the weighted average effective interest rates on borrowings were 5.52% (31 December 2023: 5.2%).

The maturity date of the borrowings was analysed as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 1 year	231,840	232,154
Between 1 and 2 years	17,150	15,150
Between 2 and 5 years	37,488	48,408
Over 5 years	–	4,230
	<b>286,478</b>	299,942



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 25. Trade payables, deposits received, accruals and other payables

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables		
– Related parties (Note 31(c))	6,541	6,291
– Third parties	1,440,861	1,206,230
<b>Trade payables</b>	<b>1,447,402</b>	<b>1,212,521</b>
Deposits received, accruals and other payables		
– Payable to related parties (Note 31(c))	69,185	143,890
– Accrued expenses	550,999	573,015
– Amounts collected on behalf of property owners	377,090	264,873
– Consideration payable arising from non-controlling shareholders' put option	50,513	50,513
– Purchase consideration (Note b)	254,249	412,264
– Interest payable	6,353	7,144
– Deposits received	445,517	442,513
– Other borrowings	93,992	134,398
– Other payables	215,191	150,976
<b>Deposits received, accruals and other payables</b>	<b>2,063,089</b>	<b>2,179,586</b>
Non-current	5,330	59,478
Current	2,057,759	2,120,108
	<b>2,063,089</b>	<b>2,179,586</b>

Note:

(a) The ageing analysis of the trade payables based on 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
	<b>1,447,402</b>	<b>1,212,521</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 25. Trade payables, deposits received, accruals and other payables (CONTINUED)

Note: (continued)

- (b) As at 30 June 2024, the outstanding contingent consideration payables for business combination amounted to approximately RMB254,249,000 (31 December 2023: RMB412,264,000), which is measured at fair value.

The acquisition agreements require the Group to pay the non-controlling interests or the vendors additional consideration in cash depending on whether the acquired subsidiaries' revenue or profit after tax meet specified targets. The contingent consideration payables are measured at fair value as at respective dates of acquisition and the end of each reporting period, by using the probabilistic approach with possible scenarios under different financial forecasts and adjusted by the estimated discount rate. The subsequent changes in fair value of contingent consideration payables is to be recognised in the profit or loss.

The fair value of the contingent consideration payable, classified as Level 3, the details of the significant unobservable inputs are set forth in Note 5(5.3).

## 26. Leases

## (a) Amounts recognised in the interim condensed consolidated financial position

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Right-of-use assets		
– Land use rights	8,123	8,210
– Buildings	58,366	72,007
	<b>66,489</b>	80,217
Lease liabilities		
Current	26,357	32,383
Non-current	31,723	35,954
	<b>58,080</b>	68,337

## (b) Amounts recognised in the interim condensed consolidated statement of profit or loss and other comprehensive income

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Depreciation charge (Note 8)		
– Land use rights	87	87
– Buildings	18,773	25,373
	<b>18,860</b>	25,460
Finance costs on leases	1,660	2,241
Expenses related to short-term lease and low-value assets (included in administrative expenses)	7,628	8,110

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 26. Leases (CONTINUED)

## (c) Amounts recognised in the interim condensed consolidated statement of cash flows

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cashflow from financing activities		
– Payments of interest element of lease liabilities	1,660	2,241
– Payments of principal element of lease liabilities	15,387	16,612
	17,047	18,853

## 27. Deferred tax

The analysis of deferred tax assets in the interim condensed consolidated financial position was as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Deferred tax assets:		
– Deferred tax asset not to be recovered within 12 months	329,549	321,451
Net-off with deferred tax liability	(40,828)	(65,913)
	288,721	255,538
Deferred tax liabilities:		
– Deferred tax liability to be recovered after more than 12 months	(179,873)	(193,408)
– Deferred tax liability to be recovered within 12 months	(26,368)	(29,136)
Net-off with deferred tax asset	40,828	65,913
	(165,413)	(156,631)

The net movement on the deferred tax account is as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (unaudited)
As at 1 January	98,907	81,517
Credited to profit or loss	24,401	(17,118)
As at 30 June	123,308	64,399



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 28. Dividends

The Company's board did not recommend the payment of an interim dividends for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

## 29. Share award scheme

Shimao Group operates a restricted share award scheme (the "2021 Shimao Group Share Scheme") for the main purpose of recognising the contributions by the selected employees and providing them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. The grantees of the scheme include the Company's directors, senior executives and employees. The scheme was adopted by the board of directors of Shimao Group (the "Group Board") on 3 May 2021 (the "Adoption Date I") and shall remain valid and effective for a period of three years from the Adoption Date I. The maximum number of shares of the Company can be awarded is 0.3% (i.e. 7,091,919 shares of the Company) of the issued share capital of the Company as at the Adoption Date I.

The Group Board may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit (including the basis of eligibility of each employee determined by the Group Board from time to time), select such employee(s) for participation in the scheme and determine the number of awarded shares.

At the Adoption Date I, a trust deed was entered into between Shimao Group and Best Cosmos whereby Shimao Group appointed Best Cosmos as trustee to hold the awarded shares. The grant by Shimao Group of the shares of the Company is treated as a capital contribution in equity (recorded in "Other reserves").

Since the Adoption Date I and up to 30 June 2024, a total of 6,865,821 shares of the Company were granted to the relevant directors and employees of the Group and Shimao Group (each, the "2021 Grantee") under the 2021 Shimao Group Share Award Scheme, and all the said shares were granted to the 2021 Grantees at nil consideration. As of 30 June 2024, the remaining 33,381 shares (amounted to RMB546,000) remained unvested. Under such scheme, 4,866,137 shares were granted to the directors and employees of the Company, of which 4,075,309 shares (amounted to RMB66,639,000) and 757,447 shares (amounted to RMB12,713,000) have been vested and lapsed, respectively. As the 2021 Shimao Group Share Scheme was terminated on 3 May 2024, no further grant of the Company's shares shall be made.

A Share Award Scheme of the Company (the "Shimao Services Share Award Scheme") was adopted by the board of directors of the Company (the "Board") on 28 June 2021 (the "Adoption Date II"). The purpose of the Shimao Services Share Award Scheme is to recognize the contributions by certain selected employees of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. The Shimao Services Share Award Scheme shall be valid and effective for a term of ten years commencing on the Adoption Date II. The maximum number of shares which can be awarded under the Shimao Services Share Award Scheme is 3% (i.e. 70,919,190 shares) of the total number of issued shares of the Company as at the Adoption Date II. On 16 November 2022, a total of 169 employees (including two directors) of the Group (each, the "2022 Grantee") were awarded a total of 4,017,105 shares under the Shimao Services Share Award Scheme. All the said shares were granted to the 2022 Grantees at nil consideration. Subject to the satisfaction of the vesting criteria and conditions of the Shimao Services Share Award Scheme, 60% of the award shares will be vested 6 months from the grant date, and 40% of the award shares will be vested 18 months from the grant date. As of 30 June 2024, 1,826,554 shares and 846,095 shares out of 4,017,105 shares granted in 2022 were vested and lapsed, respectively, and the remaining 1,344,456 shares were unvested.

On 19 June 2023, a total of 125 employees (including three directors) of the Group (each, the "2023 Grantee") were awarded a total of 3,525,446 shares under the Shimao Services Share Award Scheme. All the said shares were granted to the 2023 Grantees at nil consideration. Subject to the satisfaction of the vesting criteria and conditions of the Shimao Services Share Award Scheme, 60% of the award shares will be vested 12 months from the grant date, and 40% of the award shares will be vested 24 months from the grant date. As of 30 June 2024, 1,004,740 shares out of 3,525,446 shares granted in 2023 were lapsed, and the remaining 2,520,706 shares were unvested.

The fair value of 2023 Grantee's services, 2022 Grantee's services and 2021 Grantee's services received in return for shares awarded of approximately HK\$5,923,000, HK\$10,645,000 and HK\$97,323,000 (equivalent to approximately RMB5,391,000, RMB9,566,000 and RMB79,571,000), respectively, was measured by reference to the market price of the shares of the Company at grant date. No other feature of the shares was incorporated into the measurement of the fair value.

The Group recognised share-based payment expense relating to the shares granted pursuant to the Scheme of approximately RMB651,000 (six months ended 30 June 2023: RMB7,136,000) in profit or loss during the six months ended 30 June 2024.

The weighted average fair value of the unvested shares granted during the six months ended 30 June 2024 is HK\$3,001,878 equivalent to RMB2,739,754 (31 December 2023: HK\$5,655,000, equivalent to RMB5,125,000).





## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 30. Acquisition or disposal of subsidiaries and transaction with non-controlling interests

## (a) Transaction with non-controlling interests for the six months ended 30 June 2024

During the six months ended 30 June 2024, the Group acquired additional 11.85% equity interests in one subsidiaries, respectively, for a total consideration of RMB57,106,763.88. The Group recognised a decrease in non-controlling interests of RMB57,106,763.88.

## (b) Transaction with non-controlling interests for the six months ended 30 June 2023

During the six months ended 30 June 2023, the Group acquired additional 30%, 33% and 2.1% equity interests in three subsidiaries, respectively, for a total consideration of RMB87,155,000.

The Group recognised a decrease in non-controlling interests of RMB45,483,000 and an increase in equity attributable to the equity holders of the Company of RMB41,672,000. The effect of changes in the ownership interest of the Group on the equity attributable to the equity holders of the Company during the year is summarized as follows:

	RMB'000
<b>Consideration:</b>	
Total consideration paid during the current period	87,155
Carrying amount of non-controlling interests acquired	(45,483)
Excess of carrying amount acquired recognised in equity	41,672

## 31. Related party transactions

## (a) Names and relationships with related parties

The Group is controlled by Shimao Group Holdings Limited (incorporated in the Cayman Islands which owns approximately 62.87% of the Company's shares). The directors consider Gemfair Investments Limited as the ultimate holding company, and the ultimate controlling shareholder of the Group is Mr. Hui Wing Mau.

## (b) Transactions with related parties

*Continuing transactions*

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Services provided to related parties		
– Shimao group	<b>104,884</b>	193,590
– Joint ventures and associates of Shimao Group	<b>12,073</b>	24,748
	<b>116,957</b>	218,338
Interest on lease liabilities to related parties		
– Shimao Group	<b>572</b>	583
Payment of lease liabilities in relation to leases with related parties		
– Shimao Group	<b>2,972</b>	3,277

The Group entered certain lease in respect of properties from related parties of the Group. The amount of rental payable by the Group under the leases are approximately RMB525,000 (as at 31 December 2023: RMB661,000) per month and the lease terms will be expired in 1-4 years.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

## 31. Related party transactions (CONTINUED)

## (c) Balances with related parties – trade receivables

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>Receivables from related parties</b>		
Trade Receivables (Note 19)		
– Shimao Group	654,466	658,778
– Joint ventures and associates of Shimao Group	95,834	91,136
	<b>750,300</b>	749,914
Prepayments, deposits and other receivables (Note 20) (Note)		
– Shimao Group	359,999	355,007
– Joint ventures and associates of Shimao Group	15,649	33,005
	<b>375,648</b>	388,012
Total receivables from related parties (before allowance for credit losses)	<b>1,125,948</b>	1,137,926
Less: Allowance	<b>(604,668)</b>	(619,236)
Total receivables from related parties (net allowance for credit losses)	<b>521,280</b>	518,690
<b>Payables to related parties</b>		
Contract liabilities		
– Shimao Group	33,325	47,512
– Joint ventures and associates of Shimao Group	8,837	14,051
	<b>42,162</b>	61,563
Trade payables		
– Shimao Group	6,541	6,291
– Joint ventures and associates of Shimao Group	–	–
	<b>6,541</b>	6,291
Deposits received, accruals and other payables		
– Shimao Group	48,902	124,208
– Joint ventures and associates of Shimao Group	20,283	19,682
	<b>69,185</b>	143,890
Lease payable to related parties		
– Shimao Group	22,789	17,016
Total payables to related parties	<b>140,677</b>	232,653

Note:

Included in the amount, the deposit of approximately RMB169,668,000 (31 December 2023: RMB295,366,000) was paid by the Group to Shimao Group for the sales rights of car parking spaces. Such deposit paid together with the commission income of approximately RMB6,243,000 (2023: RMB34,028,000) generated from the sales of car parking spaces constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

**31. Related party transactions** (CONTINUED)**(d) Balances with related parties – non-trade**

Saved as disclosed elsewhere in the interim condensed consolidated financial statements, as at 30 June 2024, the Group has no non-trade balances to related parties (31 December 2023: Nil).

**(e) Guarantees provided by related parties**

As at 30 June 2024, the Group' bank borrowings included a borrowing of approximately RMB163,710,000 (31 December 2023: RMB166,010,000) bearing a fixed interest at 5.55% per annum and expiring in 2024, was guaranteed by Shimao Group.

**(f) Key management compensation**

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries and other short-term employee benefits	5,666	7,042

**32. Contingencies**

As at 30 June 2024, the Group did not have any significant contingent liabilities or outstanding guarantees in respect of payment obligations to third parties (31 December 2023: Nil).

**33. Approval of the interim condensed consolidated financial information**

The unaudited interim condensed consolidated financial information were approved and authorised for issue by the Board on 29 August 2024.



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