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**Xi'an Kingfar Property Services Co., Ltd.**  
**西安經發物業股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1354)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2024**

**FINANCIAL SUMMARY**

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	<b>463,330</b>	390,756
Gross profit	<b>69,645</b>	55,714
Gross profit margin	<b>15.03%</b>	14.26%
Profit for the period	<b>31,003</b>	25,216
Net profit margin	<b>6.69%</b>	6.45%
Profit attributable to owners of the Company	<b>29,673</b>	24,721
Basic earnings per share ( <i>RMB per share</i> )	<b>0.59</b>	0.49

For the six months ended 30 June 2024, the total revenue of the Group was approximately RMB463.33 million, representing an increase of approximately 18.57% from approximately RMB390.76 million for the same period in 2023.

For the six months ended 30 June 2024, the gross profit of the Group was approximately RMB69.65 million, representing an increase of 25.00% from approximately RMB55.71 million for the same period in 2023. The Group's gross profit margin was 15.03%, representing an increase of 0.77% from 14.26% as compared with the same period in 2023.

For the six months ended 30 June 2024, the profit of the Group was approximately RMB31.00 million, representing an increase of 22.95% from approximately RMB25.22 million for the same period in 2023.

As at 30 June 2024, the Group had a total contracted GFA of approximately 16.35 million sq.m., representing an increase of 9.36% compared with 30 June 2023.

The Board resolved not to declare any interim dividend for the six months ended 30 June 2024.

## **INTERIM RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Xi’an Kingfar Property Services Co., Ltd. (the “**Company**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”), together with comparative figures for the six months ended 30 June 2023.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2024 – UNAUDITED**

(Expressed in Renminbi (“RMB”))

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2024</b>	2023
		<b>RMB’000</b>	<b>RMB’000</b>
<b>Revenue</b>	3	463,330	390,756
Cost of sales		<u>(393,685)</u>	<u>(335,042)</u>
<b>Gross profit</b>		<u>69,645</u>	<u>55,714</u>
Other income		1,231	1,001
Administrative expenses		(29,206)	(24,734)
Research and development costs		(215)	–
Impairment losses on trade receivables and contract assets		<u>(2,662)</u>	<u>(647)</u>
<b>Profit from operations</b>		<b>38,793</b>	31,334
Finance costs	4(a)	<u>(633)</u>	<u>(696)</u>
<b>Profit before taxation</b>	4	<b>38,160</b>	30,638
Income tax	5	<u>(7,157)</u>	<u>(5,422)</u>
<b>Profit and total comprehensive income for the period</b>		<b><u>31,003</u></b>	<b><u>25,216</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		29,673	24,721
Non-controlling interests		<u>1,330</u>	<u>495</u>
<b>Profit and total comprehensive income for the period</b>		<b><u>31,003</u></b>	<b><u>25,216</u></b>
<b>Earnings per share</b>	6		
Basic and diluted (RMB)		<b><u>0.59</u></b>	<b><u>0.49</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2024 – UNAUDITED**  
*(Expressed in RMB)*

	<i>Note</i>	<b>At 30 June 2024 RMB'000</b>	At 31 December 2023 RMB'000
<b>Non-current assets</b>			
Investment property and other property, plant and equipment	7	<b>97,901</b>	62,940
Intangible assets		<b>7,091</b>	7,415
Goodwill		<b>1,769</b>	1,769
Deferred tax assets		<b>12,616</b>	12,388
Prepayments for acquisition of properties		–	36,611
		<b>119,377</b>	121,123
<b>Current assets</b>			
Inventories		<b>416</b>	840
Trade and other receivables	8	<b>334,622</b>	262,307
Prepayments		<b>7,586</b>	7,125
Cash and cash equivalents	9	<b>195,593</b>	258,478
		<b>538,217</b>	528,750
<b>Current liabilities</b>			
Trade and other payables	10	<b>441,520</b>	466,515
Contract liabilities		<b>41,157</b>	38,977
Lease liabilities		<b>1,355</b>	676
Current taxation		<b>3,216</b>	4,204
		<b>487,248</b>	510,372

	<i>Note</i>	<b>At 30 June 2024 RMB'000</b>	At 31 December 2023 RMB'000
<b>Net current assets</b>		<b>50,969</b>	18,378
<b>Total assets less current liabilities</b>		<b>170,346</b>	139,501
<b>Non-current liabilities</b>			
Lease liabilities		263	275
Long-term payables		16,062	16,062
Deferred income		1,054	1,200
		<b>17,379</b>	17,537
<b>NET ASSETS</b>		<b>152,967</b>	121,964
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>11</i>	50,000	50,000
Reserves		96,655	66,982
<b>Total equity attributable to equity shareholders of the Company</b>		<b>146,655</b>	116,982
<b>Non-controlling interests</b>		<b>6,312</b>	4,982
<b>TOTAL EQUITY</b>		<b>152,967</b>	121,964

# NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 1 BASIS OF PREPARATION

Xi'an Kingfar Property Services Co., Ltd. (the "Company") was established in the People's Republic of China (the "PRC") on 5 December 2000 as a limited liability company under the Company Law of the PRC and converted into a joint stock company with limited liability on 29 December 2020. The address of the Company's registered office is No.132 Weiyang Road, Weiyang District, Xi'an, Shaanxi, PRC.

The Company and its subsidiaries (together, the "Group") are principally engaged in the provision of city services, residential property management services and commercial property management services (the "Listing Business") in the PRC. The Company's immediate parent company is Xi'an Kingfar Group Co., Ltd. and the Company's ultimate parent company is Xi'an Kingfar Holdings (Group) Co., Ltd.

The Company's H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 3 July 2024.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standard Board ("IASB").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with IAS 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.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

## 2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRS Accounting Standards issued by the IASB to this interim financial report for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current ("2020 amendments")*
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants ("2022 amendments")*

- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRS Accounting Standards are discussed below:

Amendments to IAS 1, *Presentation of financial statements* (“2020 and 2022 amendments”, or collectively the “IAS 1 amendments”)

The IAS 1 amendments impact the classification of a liability as current or non-current, and are applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions in a full set of financial statements.

Upon the adoption of the amendments, the Group has reassessed the classification of its liabilities as current or non-current and did not identify any reclassification to be made.

Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on these financial statements as the Group has not entered into any sale and leaseback transactions.

Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity’s liabilities, cash flows and exposure to liquidity risk. Since those disclosures are not required for any interim period presented within the annual reporting period in which the amendments are initially applied, the Group has not made additional disclosures in this interim financial report.

### 3 REVENUE AND SEGMENT REPORTING

#### (a) Revenue

The principal activities of the Group are city services, residential property management services and commercial property management services.

#### (i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by timing of revenue recognition and principal activities lines is as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
<b>Disaggregated by timing of revenue recognition</b>		
Over time	444,089	369,935
Point in time	19,241	20,821
Total	<u>463,330</u>	<u>390,756</u>
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
City services	289,143	231,303
Residential property management services	97,620	90,439
Commercial property management services	74,740	67,589
	<u>461,503</u>	<u>389,331</u>
<b>Revenue from other sources</b>		
Gross rental income	1,827	1,425
Total	<u>463,330</u>	<u>390,756</u>

#### (b) Segment reporting

During the six months ended 30 June 2024, the Group is principally engaged in the provision of city services, residential property management services and commercial property management services in the PRC. Management views the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the management of the Company are of the view that there is only one segment which is used to make strategic decisions.

The Group generated all revenue in the PRC and no non-current assets of the Group are located outside the PRC, accordingly, no analysis of geographic information is presented.



#### 4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Interest on bank loans and other borrowings	–	194
Interest on lease liabilities	40	18
Bank and other charges	593	484
	<u>633</u>	<u>696</u>

(b) Other items

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Amortisation	704	492
Depreciation charge		
– owned property, plant and equipment	4,973	4,818
– right-of-use assets	482	774
Interest income	(290)	(366)
	<u>(290)</u>	<u>(366)</u>

#### 5 INCOME TAX

(a) Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Current tax – PRC Corporate Income Tax	7,385	5,790
Deferred taxation	(228)	(368)
	<u>7,157</u>	<u>5,422</u>

Notes:

- (i) The provision for PRC income tax is based on a statutory rate of 25% of the assessable income of the Company's mainland China subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC.
- (ii) In 2020, the State Administration of Taxation issued the preferential PRC Corporate Income Tax policies for entities under the Third Phase of the Western Region Development Plan of the PRC (the "Policies"), which is effective from 1 January 2021 to 31 December 2030. Certain subsidiaries of the Group established in the PRC are entitled to tax benefits applicable to entities under the Policies and enjoy a preferential PRC Corporate Income Tax rate of 15% for the calendar years from 2021 to 2030.

- (iii) Certain subsidiaries have been approved as Small Low-profit Enterprises. The entitled subsidiaries are subject to a preferential income tax rate of 5% during the six months ended 30 June 2023 and 2024, respectively.
- (iv) Certain subsidiaries are entitled to an additional 100% deduction for its employment of disabled individuals costs incurred.

## 6 EARNINGS PER SHARE

### (a) Basic and diluted earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB29,673,000 (six months ended 30 June 2023: RMB24,721,000) and the weighted average of 50,000,000 ordinary shares (2023: 50,000,000 shares) in issue during the interim period.

### (b) Diluted earnings per share

There were no dilutive potential shares outstanding during the six months ended 30 June 2024 and 2023.

## 7 INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT

### (a) Right-of-use assets

During the six months ended 30 June 2024, the Group entered into a number of lease agreements for use of warehouse and office buildings, and therefore recognised the additions to right-of-use assets of RMB913,000.

The leases of warehouse and office buildings are fixed lease payment term, the amount of fixed payments for the interim reporting period is summarised below:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Warehouse	57	–
Office buildings	453	893
	<u>453</u>	<u>893</u>

### (b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2024, the Group acquired items of property, plant and machinery with a cost of RMB39,511,000 (six months ended 30 June 2023: RMB6,821,000). Items of plant and machinery with a net book value of RMB9,000 were disposed of during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB18,000), resulting in a loss on disposal of RMB6,000 (six months ended 30 June 2023: RMB16,000).

## 8 TRADE AND OTHER RECEIVABLES

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Within 1 year	227,590	182,289
1 to 2 years	22,614	18,857
2 to 3 years	10,422	8,635
Trade debtors and bills receivable, net of loss allowance	<u>260,626</u>	<u>209,781</u>
Other receivables, net of loss allowance	<u>73,226</u>	<u>52,278</u>
Financial assets measured at amortised cost	333,852	262,059
VAT recoverable	770	248
	<u><b>334,622</b></u>	<u><b>262,307</b></u>

## 9 CASH AND CASH EQUIVALENTS

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Cash on hand	12	15
Cash at bank	<u>195,581</u>	<u>258,463</u>
Cash and cash equivalents in the statement of financial position	195,593	258,478
Less: restricted cash at bank	<u>(8)</u>	<u>(1,048)</u>
Cash and cash equivalents in the cash flow statement	<u><b>195,585</b></u>	<u><b>257,430</b></u>

- (i) As of the end of the reporting period, cash and cash equivalents situated in Mainland China amounted to RMB195,593,000 (2023: RMB258,478,000).

## 10 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors and bills payables (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Within 1 year	101,039	107,315
Over 1 year	<u>25,106</u>	<u>11,811</u>
Total trade payables	<u>126,145</u>	<u>119,126</u>
Amounts due to related parties	14,627	39,612
Other payables and accrued expenses	<u>310,291</u>	<u>341,004</u>
Financial liabilities measured at amortised cost	436,436	460,130
Other taxes payable	5,084	6,385
	<u><b>441,520</b></u>	<u><b>466,515</b></u>

## 11 CAPITAL, RESERVES AND DIVIDENDS

### Dividends

No dividends were paid or declared by the Company or its subsidiaries comprising the Group during the six months ended 30 June 2023 and 2024 respectively.

## 12 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2023 and 30 June 2024 respectively.

## 13 COMMITMENTS

### Commitments outstanding at 30 June 2024 not provided for in the interim financial report

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Contracted for acquisition of property, plant and equipment	<u>1,174</u>	<u>–</u>

## 14 MATERIAL RELATED PARTY TRANSACTIONS

### (a) Key management personnel remuneration

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	3,429	2,574
Retirement scheme contributions	<u>360</u>	<u>331</u>
	<u>3,789</u>	<u>2,905</u>

### (b) Significant related party transactions

During the six months ended 30 June 2024, the Group entered into the following transactions with its related parties.

	Six months ended 30 June	
Nature of related party transactions	2024 RMB'000	2023 RMB'000
Render of services	25,359	22,797
Purchase of services	5,832	8,070
Payments for business combinations under common control	<u>25,000</u>	<u>37,846</u>

(c) **Balances with related parties**

***Related party balances***

	<b>At 30 June 2024 RMB'000</b>	At 31 December 2023 RMB'000
<b>Trade nature (Note (i))</b>		
Trade receivables	22,558	22,938
Prepayments	2	52
Trade payables	4,651	6,475
Contract liabilities	4,535	109
<b>Non-trade in nature</b>		
Prepayments for acquisition of properties	–	36,611
Other payables (Note (ii))	14,627	39,612
	<u>14,627</u>	<u>39,612</u>

*Notes:*

- (i) The trade related balances with the related parties arose from the sales or purchase of goods or services with the related parties.
- (ii) The amounts due to related parties of the Group are non-trade in nature, unsecured and interest-free with no fixed terms of repayment, except for the balance of amount due to the fellow subsidiaries of the Group as at 30 June 2024 and 31 December 2023 included the amounts of RMB12,846,000 and RMB37,846,000 respectively, which arise from business combination under common control transactions.

**15 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD**

On 3 July 2024, the Company issued a total of 16,666,800 H shares at the offering price of HK\$7.50 per share, which were listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Save as disclosed, there were no other material events undertaken by the Group subsequent to the end of the reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The Group is a state-owned comprehensive city service and property management service provider in Shaanxi Province with presence in Northwest China. The Group has, through over 20 years of development, established an important market position and built a renowned brand in the city service and property management industry in Shaanxi Province. Leveraging the market position of the Group in Shaanxi Province, the Group has also expanded its footprint to Northwest China. Currently, the operations of the Group had covered Xi'an, Tongchuan, Hancheng and Shihezi.

The H shares of the Company (the “**H Shares**”) were listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 3 July 2024 (the “**Listing Date**”) by way of global offering (the “**Global Offering**”).

The table below sets forth (i) the Group’s three primary business lines; (ii) the major services that the Group provided under each business line; (iii) the types of properties to which the Group provided services under each business line; and (iv) the major customers of each business line as at the date of this announcement:

<b>Business Lines</b>	<b>Major Services</b>	<b>Property Profile</b>	<b>Major Customers</b>
	Public property management services	Public properties, such as government buildings, education institutes and hospitals	
<b>City Services</b>	Municipal management services	Municipal properties, such as public facility and infrastructure	Government agencies and public authorities
	Municipal value-added services	Government buildings	
<b>Residential Property Management Services</b>	Basic property management services	Residential properties	Property developers, property owners and residents
	Value-added services		
<b>Commercial Property Management Services</b>	Basic property management services	Office buildings, industrial parks and factories	Property developers, property owners and tenants
	Value-added services		

As of 30 June 2024, the Group was contracted to provide public property management services, basic residential property management services and basic commercial property management services to 152 projects in China, with a total contracted GFA of 16.35 million sq.m. and a GFA under management of 15.53 million sq.m.

## BUSINESS REVIEW

During the Reporting Period, the Group derived its revenue primarily from three business lines, namely, (i) city services; (ii) residential property management service; and (iii) commercial property management services.

### Portfolio of Properties under Management

The following table sets forth the number of projects and GFA under the Group's management for city services, residential property management services and commercial property management services by business line as of the dates indicated:

	As at 30 June			
	2024		2023	
	Number of projects	GFA under management <i>sq.m. '000</i>	Number of projects	GFA under management <i>sq.m. '000</i>
City services	89	5,292	81	3,891
Residential property management services	28	6,919	25	6,182
Commercial property management services	30	3,319	30	3,297
Total	<u>147</u>	<u>15,530</u>	<u>136</u>	<u>13,370</u>

### City Services

The Group commenced its city services in 2004. The Group primarily provides city services to government agencies and public authorities to improve the local environment and local residents' living experience. The city services of the Group primarily include (i) public property management services, under which the Group provides cleaning, security, as well as common area facility repair and maintenance services to public properties, such as government buildings, education institutes and hospitals; (ii) municipal management services, under which the Group provides (a) cleaning and maintenance services for public facility and infrastructure, such as city roads, overpasses, underpasses and public lavatories; (b) municipal waste collection services through the waste compression stations that the Group operated; and (c) household garbage collection services to enterprises, residential communities, government agencies and public authorities; and (iii) municipal value-added services, which comprise catering services, public parking management services and commissioned administrative services.

### Public Property Management Services

The Group provides property management services, including cleaning, security as well as common area facility repair and maintenance services, to public properties, such as government buildings, education institutes and hospitals.

As of 30 June 2024, GFA of public properties under the Group's management was approximately 5.29 million sq.m.

### **Municipal Management Services**

The municipal management services of the Group include (i) cleaning and maintenance services to ensure the cleanliness and normal operations of the public facility and infrastructure under the Group's management, including city roads, overpasses, underpasses and public lavatories; (ii) municipal waste collection services, under which the Group collects, transports, sorts, compresses and disposes municipal waste which primarily include trash, garbage and solid waste discarded by the public, through three waste compression stations that the Group operates as at 30 June 2024; and (iii) household garbage collection services, under which the Group collects, transports and disposes household garbage from enterprises, residential communities, government agencies and public authorities in Xi'an as at 30 June 2024.

### **Municipal Value-Added Services**

The Group provides a wide range of municipal value-added services, which comprise (i) commissioned administrative services where the Group is commissioned by government agencies to provide certain administrative services in the city halls and town halls to local citizens on their behalf; (ii) catering services where the Group provides catering services by preparing main courses and side dishes for its customers' regular group meals; and (iii) public parking management services where the Group was commissioned to manage street parking spaces in Jingkai District and the parking spaces located in public facility, and to collect parking fees.

### **Residential Property Management Services**

The Group provides property developers, property owners and residents with a wide range of residential property management services, which comprise (i) basic property management services, including cleaning services, security services, common area facility repair and maintenance services and pre-delivery services; and (ii) value-added services, including private parking management services, sales office management services, catering services and other services.

As at 30 June 2024, the Group provided basic residential property management services to 28 residential properties with a total GFA under management of approximately 6.92 million sq.m.

### **Commercial Property Management Services**

The Group provides property developers, property owners and tenants of commercial properties, including office buildings and industrial parks, with a wide range of commercial property management services, which comprise (i) basic property management services, including cleaning services, security services, common area facility repair and maintenance services and pre-delivery services; and (ii) value-added services, including private parking management services, sales office management services, catering services and other services.

As at 30 June 2024, the Group provided basic commercial property management services to 30 commercial properties with a total GFA under management of approximately 3.32 million sq.m.



## OUTLOOK

*In the second half of 2024, the Company will aim for higher requirements for scale expansion and will continue to focus on “deepening the development of basic properties and developing urban services”, in particular in the Northwest China in order to strengthen its market position. The Company will adopt multiple expansion methods in parallel, mainly including joint ventures, mergers and acquisitions, and project expansion. In the second half of the year, the Company will continue to analyze market demand in depth, explore diversified business blue ocean markets through diversification strategies, increase the bid winning rate, and expand the existing service scope.*

The Group will further expand and optimize our professional development team, recruit professionals, participate in professional training specifically for the industry, and raise the professional standards of the development team. The Group will continue to build up brand reputation of the Company and leverage its brand image, in order to expand its property management services to other property projects. The Group will actively seek development opportunities brought by the expansion of business coverage of its parent company, Kingfar Holdings Group, actively participate in bidding, so as to expand its operational radius and ensure stable growth in scale.

## FINANCIAL REVIEW

### Revenue

The following table sets forth a breakdown of the Group’s revenue by business line for the periods indicated:

	Six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
<b>City services</b>	<b>289,143</b>	<b>62.41</b>	231,303	59.20
– Public property management services	156,586	33.80	109,138	27.93
– Municipal management services	95,740	20.66	92,364	23.64
– Municipal value-added services	36,817	7.95	29,801	7.63
<b>Residential property management services</b>	<b>97,620</b>	<b>21.07</b>	90,439	23.14
– Basic residential property management services	70,642	15.25	59,768	15.31
– Residential value-added services	26,978	5.82	30,671	7.83
<b>Commercial property management services</b>	<b>74,740</b>	<b>16.13</b>	67,589	17.30
– Basic commercial property management services	58,277	12.58	50,404	12.90
– Commercial value-added services	16,463	3.55	17,185	4.40
Others <sup>(1)</sup>	1,827	0.39	1,425	0.36
<b>Total</b>	<b>463,330</b>	<b>100</b>	390,756	100

*Note 1:* Represents rental income derived from leasing an investment property and certain vehicles owned by the Group.

Revenue of the Group increased by approximately 18.57% from approximately RMB390.76 million for the six months ended 30 June 2023 to approximately RMB463.33 million for the six months ended 30 June 2024, mainly reflecting the following:

- (i) revenue from city services increased by approximately 25.01% from approximately RMB231.30 million for the six months ended 30 June 2023 to approximately RMB289.14 million for the six months ended 30 June 2024, primarily due to the increase in the GFA under management and the number of projects managed by the Group;
- (ii) revenue from residential property management services increased by approximately 7.94% from approximately RMB90.44 million for the six months ended 30 June 2023 to approximately RMB97.62 million for the six months ended 30 June 2024, primarily due to the increase in the GFA under management and the number of projects managed by the Group; and
- (iii) revenue from commercial property management services increased by approximately 10.58% from approximately RMB67.59 million for the six months ended 30 June 2023 to approximately RMB74.74 million for the six months ended 30 June 2024, primarily due to the increase in GFA under management by the Group.

### **Cost of Sales**

The Group's cost of sales increased from approximately RMB335.04 million for the six months ended 30 June 2023 to approximately RMB393.69 million for the six months ended 30 June 2024 primarily due to the increase in the cost associated with the increase in business scale of the Group.

## Gross Profit and Gross Profit Margin

The following table sets forth the Group's gross profit and gross profit margin by business line for the periods indicated:

	Six months ended 30 June			
	2024		2023	
	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %
City services	34,236	11.84	24,662	10.66
Residential property management services	18,949	19.41	15,992	17.68
Commercial property management services	15,874	21.24	14,770	21.85
Others	586	32.07	290	20.35
<b>Total</b>	<b>69,645</b>	<b>15.03</b>	<b>55,714</b>	<b>14.26</b>

The Group's gross profit increased by approximately 25.00% from approximately RMB55.71 million for the six months ended 30 June 2023 to approximately RMB69.65 million for the six months ended 30 June 2024, primarily due to the expansion of business of the Group.

The Group's gross profit margin for the period was 15.03%, representing an increase of 0.77% from 14.26% as compared with the corresponding period in 2023, mainly reflecting the following:

- (i) gross profit for city services increased by approximately 38.82% from approximately RMB24.66 million for the six months ended 30 June 2023 to approximately RMB34.24 million for the six months ended 30 June 2024, mainly due to the increase in revenue and effective cost control measures adopted by the Group;
- (ii) gross profit for residential property management services increased by approximately 18.49% from approximately RMB15.99 million for the six months ended 30 June 2023 to approximately RMB18.95 million for the six months ended 30 June 2024, primarily due to the increase in the GFA under management and the number of projects managed by the Group;

- (iii) gross profit for commercial property management services increased by approximately 7.47% from approximately RMB14.77 million for the six months ended 30 June 2023 to approximately RMB15.87 million for the six months ended 30 June 2024, primarily due to the increase in GFA under management by the Group; and
- (iv) gross profit for others (being rental income derived from leasing an investment property and certain vehicles owned by the Group) increased by approximately 102.07% from approximately RMB0.29 million for the six months ended 30 June 2023 to approximately RMB0.59 million for the six months ended 30 June 2024, primarily due to the increase in the number of vehicles leased.

### **Other Income**

The Group's other income primarily consists of (i) interest income, (ii) government grants and (iii) income from additional deduction on input VAT.

The Group's other income increased by approximately 23.00% from approximately RMB1.00 million for the six months ended 30 June 2023 to approximately RMB1.23 million for the six months ended 30 June 2024, primarily due to the receipt of subsidies from the government.

### **Administrative Expenses and Research and Development Costs**

Administrative expenses and research and development costs increased by approximately 18.96% from approximately RMB24.73 million for the six months ended 30 June 2023 to approximately RMB29.42 million for the six months ended 30 June 2024, primarily due to the increase in management expenses as a result from the increase in the business scale of the Group.

### **Finance Costs**

Finance costs were approximately RMB0.70 million for the six months ended 30 June 2023 and remained stable at approximately RMB0.63 million for the six months ended 30 June 2024.

### **Income Tax Expense**

Income tax expenses increased by approximately 32.10% from approximately RMB5.42 million for the six months ended 30 June 2023 to approximately RMB7.16 million for the six months ended 30 June 2024.

## **Profit for the period**

As a result of the foregoing, profit for the period increased from approximately RMB25.22 million for the six months ended 30 June 2023 to approximately RMB31.00 million for the six months ended 30 June 2024.

## **Investment Property and other plant and equipment**

The Group's investment property and other plant and equipment mainly consist of an investment property of a kindergarten, machinery and other equipment, vehicles and right-of-use assets.

The value of the Group's investment property and other plant and equipment increased by approximately 55.54% from approximately RMB62.94 million as at 31 December 2023 to RMB97.90 million as at 30 June 2024.

## **Trade Receivables**

Trade receivables primarily arise from provision of various services in the ordinary course of business. The Group recognizes trade receivables when it has an unconditional right to receive consideration. The right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

The Group's trade receivables increased from RMB209.78 million as at 31 December 2023 to RMB260.63 million as of 30 June 2024, primarily due to the increase in the business scale of the Group.

## **Prepayments**

The Group's prepayments primarily include prepayments of utility fees, consultancy fees and training fees, and for the purchase of equipment, material and software.

The Group's prepayments increased by approximately 6.45% from approximately RMB7.13 million as of 31 December 2023 to approximately RMB7.59 million as at 30 June 2024, mainly due to the increase in the utilities cost and purchase cost as a result of the increase in the GFA under management by the Group.

## **Trade and Other Payables**

Trade and other payables primarily represent the Group's obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers.

The Group's trade payables increased by approximately 5.89% from approximately RMB119.13 million as of 31 December 2023 to approximately RMB126.15 million as at 30 June 2024, primarily due to the expansion of business scale of the Group.

## **Contract Liabilities**

The Group's contract liabilities primarily consist of prepayments received for the Group's property management and other services from its customers, while the services are yet to be provided.

The Group's contract liabilities increased from RMB38.98 million as at 31 December 2023 to RMB41.16 million as at 30 June 2024, primarily due to the increase in the number of properties the Group managed and, as such, the increase in advance payment of property management fees received from customers.

## **Net Current Assets**

The Group's net current assets increased from approximately RMB18.38 million as at 31 December 2023 to approximately RMB50.97 million as at 30 June 2024, primarily attributable to (i) an increase in trade and other receivables of approximately RMB72.32 million primarily due to the Group's business expansion; (ii) an increase in prepayments of approximately RMB0.46 million primarily due to the Group's business expansion and listing expenses; and (iii) a decrease in trade and other payables of approximately RMB25.00 million and a decrease of cash and cash equivalent of approximately RMB62.89 million.

Total current liabilities decreased by approximately 4.53% from approximately RMB510.37 million as of 31 December 2023 to approximately RMB487.25 million as at 30 June 2024, primarily due to the payment of certain acquisition cost leading to the decrease in other payables. As a result, the Group's net current assets increased from approximately RMB18.38 million as of 31 December 2023 to approximately RMB50.97 million as at 30 June 2024.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Group's principal use of cash has been for working capital purposes. The Group's main source of liquidity has been generated from cash flows from operations. As of 30 June 2024, cash and cash equivalents of the Group amounted to approximately RMB195.59 million, all of which was denominated in RMB (31 December 2023: approximately RMB258.48 million).

### **Bank Borrowings**

As at 30 June 2024, the Group had no borrowings (31 December 2023: Nil).

### **Other Liabilities**

As at 30 June 2024, the Group did not have other liabilities (31 December 2023: Nil).

### **Pledge of Assets**

As at 30 June 2024, the Group did not have any pledged assets (31 December 2023: Nil).

## **Gearing Ratio**

Gearing ratio is calculated based on the sum of interest-bearing borrowings as of the respective dates divided by total equity as of the same dates and multiplied by 100%. The Group's gearing ratio for the six months ended 30 June 2024 was nil (31 December 2023: nil).

## **Contingent Liabilities**

As of 30 June 2024, the Group did not have any outstanding material contingent liabilities (31 December 2023: nil).

## **Capital Expenditures**

The Group's capital expenditures represent addition of property, plant and equipment and intangible assets. During the Reporting Period, the Group incurred capital expenditures of approximately RMB4.81 million (for the period ended 30 June 2023: RMB28.41 million).

## **MARKET RISK**

The Group is exposed to a variety of market risks, including interest rate risk, credit risk and liquidity risk, as set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. During the six months ended 30 June 2024, the Group did not hedge or consider necessary to hedge any of these risks.

### **Interest Rate Risk**

The exposure of the Group to risk for changes in market interest rates relates primarily to its interest-bearing borrowings. The Group does not use derivative financial instruments to hedge interest rate risk.

### **Credit Risk**

The Group is exposed to credit risk in relation to its trade and other receivables, borrowings, interest receivables due from related parties and cash and cash equivalents. The carrying amounts of its trade and other receivables, borrowings, interest receivables due from related parties and cash and cash equivalents represent the maximum exposure of the Group to credit risk in relation to financial assets.

In respect of amounts due from related parties for non-trade nature, deposits and other receivables, the Group has assessed that the expected credit loss rate for these receivables is immaterial under 12 months expected losses method based on historical settlement records and forward-looking information. Thus, the Group's exposure to credit risk arising from these receivables is calculated using an expected loss rate of 0.50% during the Reporting Period.

In respect of trade receivables from third parties and related parties, the Group measures loss allowances at an amount equal to lifetime ECLs based on historical settlement records and forward-looking information. The Group has a large number of customers and there was no concentration of credit risk. In addition, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group considers that a default event occurs when there is significant decrease in services fee collection rate and estimate the expected credit loss rate for the Reporting Period. Normally, the Group does not obtain collateral from customers.

For cash and cash equivalents, the Group expects that there is no significant credit risk since they are substantially deposited at state-owned banks or other medium-to-large sized banks. The Group does not expect that there will be any significant losses from non-performance by those counterparties.

### **Liquidity Risk**

The Group aims to maintain a balance between continuity of funding and flexibility through the use of interest-bearing borrowings. Cash flows are closely monitored on an ongoing basis.

### **SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company did not have any other significant investment or significant acquisition of subsidiaries, associates and joint ventures during the Reporting Period.

### **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

The Company intends to utilise the net proceeds raised from the Global Offering according to the plans set out in the section headed “**Future Plans and Use of Proceeds**” in the prospectus of the Company dated 24 June 2024 (the “**Prospectus**”).

Save as disclosed above, as at 30 June 2024, the Company did not have any future plans for material investments or additions of capital assets.

### **SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD**

Pursuant to the Global Offering, 16,666,800 H Shares were issued at a price of HK\$7.50 per share and net proceeds of approximately HK\$90.47 million were received by the Company from the Global Offering.

Save as disclosed, there were no other material events undertaken by the Group subsequent to 30 June 2024 and up to the date of this announcement.



## **PROCEEDS FROM LISTING**

The Company raised net proceeds from the Global Offering in the amount of approximately HK\$90.47 million (the “**Net Proceeds**”). As stated in the Prospectus, the Group intended to use the net proceeds as follows: (i) 53.80%, or approximately HK\$48.67 million for pursuing selective acquisitions of other property management companies that focus on providing city services and property management services to public, residential and commercial properties, such as schools, hospitals, government buildings, commercial complexes and industrial parks; (ii) 20.60%, or approximately HK\$18.64 million for replacing gasoline vehicles with new energy vehicles to reduce the costs of the Group’s city services; (iii) 10.50%, or approximately HK\$9.50 million for further developing the Group’s smart property management systems; (iv) 5.10%, or approximately HK\$4.61 million for recruiting talent from diversified channels; and (v) 10.00%, or approximately HK\$9.05 million for the Group’s organic growth and service diversification.

As at the date of this announcement, the Net Proceeds has not been applied and utilised. The Directors are not aware of any material change to the planned use of the Net Proceeds as at the date of this announcement. The proceeds would be allocated and used according to the purposes set out in the Prospectus. For the expected timeline of the intended use of proceeds, please refer to the implementation plan as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

## **EMPLOYEES AND REMUNERATION POLICY**

As of 30 June 2024, the Group had a total of 7,958 full-time employees in China (31 December 2023: 7,730). During the Reporting Period, the staff cost recognised as expenses of the Group amounted to approximately RMB253.47 million (for the period ended 30 June 2023: approximately RMB232.76 million).

The Group believes that the expertise, experience and professional development of its employees contributes to its growth. The Group proactively recruits skilled and qualified personnel with relevant working experience in property management to support the sustainable growth of business. The remuneration package of employees of the Group includes salary and bonus, which are generally based on their qualifications, industry experience, position and performance. In addition, the Group provides training programs regularly and across management levels, in compatible with practical needs, covering key areas in its business operations, including but not limited to corporate culture and policies, technical knowledge required for certain positions, leadership skills and general knowledge about the nature of the Group’s services.

As of 30 June 2024, there was no share incentive schemes of the Company.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

As the H Shares were listed on the Stock Exchange on 3 July 2024, the Corporate Governance Code (the “**Corporate Governance Code**”) as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) was not applicable to the Company during the Reporting Period.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

Since the Listing, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct for dealings in the securities of the Company by the Directors and supervisors of the Company.

As the H Shares were listed on the Stock Exchange on 3 July 2024, the Model Code was not applicable to the Company during the Reporting Period. Specific enquiry has been made of all the Directors and the supervisors and they have confirmed that they have complied with the Model Code since the Listing Date up to the date of this announcement.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the period from the Listing Date and up to the date of this announcement.

## **INTERIM DIVIDEND**

The Board resolved not to declare any interim dividend for the Reporting Period.

## **AUDIT COMMITTEE**

The Group has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, risk management and internal audit, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board.

The Audit Committee consists of three members, namely Mr. Lam Siu Wing, Mr. Yang Gang and Mr. Cao Yang. The chairman of the Audit Committee is Mr. Lam Siu Wing, who is an independent non-executive Director and possesses the appropriate professional qualifications.

## **REVIEW OF INTERIM RESULTS**

The Audit Committee has reviewed the unaudited condensed consolidated financial information of the Group for the Reporting Period, including the applicable accounting policies and accounting standards adopted by the Group, and considers that such information has been prepared in compliance with the applicable Listing Rules and accounting standards.

## **PUBLICATION OF INTERIM RESULTS AND 2024 INTERIM REPORT**

This announcement is published on the websites of the Company ([www.xajfwy.com](http://www.xajfwy.com)) and the Stock Exchange (<http://www.hkexnews.hk>). The 2024 interim report will be made available on the websites of the Company and the Stock Exchange in due course.

By order of the Board  
**Xi'an Kingfar Property Services Co., Ltd.**  
西安經發物業股份有限公司  
**Mr. Wu Suozheng**  
*Chairman of the Board and Executive Director*

Hong Kong, 26 August 2024

*As of the date of this announcement, the Board comprises: (i) Mr. Wu Suozheng, Mr. Sun Qi and Mr. Cheng Hongrang as executive Directors; (ii) Mr. Zhao Junping, Mr. Yang Gang and Ms. Li Lingxiao as non-executive Directors; and (iii) Mr. Lam Siu Wing, Dr. Jiang Li and Mr. Cao Yang as independent non-executive Directors.*