A-LIVING SMART CITY SERVICES CO., LTD.*

雅生活智慧城市服務股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3319)

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

FINANCIAL SUMMARY

	For the six months ended 30 June		
	2024	2023	Change
Revenue *(RMB million)*	**7,022.6**	7,698.5	-8.8%
Gross profit *(RMB million)*	**1,193.4**	1,573.6	-24.2%
Gross profit margin	*17.0%*	*20.4%*	*-3.4 percentage points*
Net (loss)/profit *(RMB million)*	**(1,532.3)**	951.5	N/A
Net profit margin	*-21.8%*	*12.4%*	*-34.2 percentage points*
Adjusted core net profit *(RMB million)*[1]	**715.9**	1,005.1	-28.8%
Adjusted core net profit margin [1]	*10.2%*	*13.1%*	*-2.9 percentage points*
(Loss)/profit attributable to shareholders of the Company *(RMB million)*	**(1,634.2)**	839.0	N/A
Basic (loss)/earnings per share *(RMB)*	**(1.15)**	0.59	N/A
Proposed interim dividend per share *(RMB)*	**0.03**	0.025	20.0%
Proposed total interim dividend *(RMB million)*	**42.6**	35.5	20.0%

1 *Adjusted core net profit attributable to the Company, excluding the effect of the amortization of intangible assets due to the merger and acquisition, gain or loss on disposal of equity interests, interest expense on borrowings, changes in the fair value of put options, change in profit or loss of financial assets at fair value through profit or loss, interest income and net impairment losses on financial assets.*

- For the six months ended 30 June 2024 (the "**Period**"), the Group recorded a revenue of RMB7,022.6 million, representing a decrease of 8.8% as compared with the corresponding period of last year. During the Period, the revenue contributed by the Group's four major businesses was as follows: (i) revenue from property management services increased by 2.0% to RMB5,371.5 million as compared with the corresponding period of last year; (ii) revenue from property owners value-added services decreased by 33.9% to RMB771.5 million as compared with the corresponding period of last year; (iii) revenue from city services decreased by 4.0% to RMB647.1 million as compared with the corresponding period of last year; and (iv) revenue from extended value-added services decreased by 60.6% to RMB232.5 million as compared with the corresponding period of last year.

- During the Period, the Group recorded (i) a gross profit of RMB1,193.4 million, representing a decrease of 24.2% as compared to the corresponding period of last year, with a gross profit margin of 17.0%, representing a year-on-year decrease of 3.4 percentage points; (ii) net loss of RMB1,532.3 million, while adjusted core net profit was RMB715.9 million, representing a decrease of 28.8% compared to the corresponding period of last year; (iii) loss attributable to shareholders (the "**Shareholders**") of the Company of RMB1,634.2 million, and profit attributable to shareholders of the Company for the corresponding period in 2023 was RMB839.0 million; and (iv) basic losses per share of RMB1.15.

- Taking into account the Group's business development needs and the Shareholders' investment returns, the Board proposed to declare an interim dividend of RMB0.03 per share (before tax) during the six months ended 30 June 2024.

CHAIRMAN'S STATEMENT

Dear Shareholders,

We are pleased to present the unaudited consolidated results of A-Living Smart City Services Co., Ltd. ("**A-Living**" or the "**Company**"), together with its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2024 (the "**Period**").

In the first half of 2024, amidst the increasingly complicated and challenging global economic environment and geopolitical landscape that were fraught with instability, China's economy experienced a moderate recovery, maintaining overall stability while making steady progress. The Chinese government issued a series of favorable policies during the first half of the year to guide the real estate market to healthy and orderly development. However, the property market was, in general, still going through a period of deep correction. Both the property development and sales were sluggish, and the loosening regulatory policies had yet to yield effect while the consumer confidence had yet to recover. The property management industry was affected by the volatility in both the macro-environment and the upstream real estate market. Limited supply, together with the changes in property owners' demand, slowed down the growth rate of property management companies. The market became more divergent as competition further intensified. In the current economic environment, institutions and property owners are more cautious about expenses and lean towards cost-effective services with stable service quality. They also have higher requirements for property management service providers. Property management companies have gradually shifted away from the pursuit of rapid growth in business scale and profits and refocused on the pursuit of the quality of service and operation as well as brand reputation.

Business Review

Despite the complex external operating environment and the impact from the real estate market, all the employees of the Group took on the challenges, enabling the business operations to remain stable overall. Facing the new environment, the Group further adjusted its business strategies, consolidate its core business units and improve service quality during the Period, taking great care to ensure both the stability of existing projects and operational efficiency. It also pursued the quality expansion of business and maintained the scale as one of its mainstays. Meanwhile, the Group stepped up fee collection by various means and strived to overcome the temporary impact resulting from the environment and some non-business factors. Its recurring business units still demonstrated some resilience.

During the Period, the Group recorded revenue of RMB7,022.6 million, gross profit of RMB1,193.4 million and net loss of RMB1,532.3 million. Loss attributable to the shareholders of the Company (the "**Shareholders**") was RMB1,634.2 million and the basic loss per share was RMB1.15. As of 30 June 2024, the gross floor area ("**GFA**") under management and contracted GFA of the Group were 576.7 million sq.m. and 749.8 million sq.m. respectively, encompassing residential properties, public buildings and commercial and office buildings.

In the new market landscape, service quality and reputation are the keys to the long-term development of property management companies. During the Period, the Group fully refocused on its original aspiration and attached great importance to property owners' satisfaction, with zero tolerance for problems concerning service quality. It continued to increase investment in improving quality, focused on developing community culture, and maintained good relationships with residents. The Group's management team and senior management of regional offices went to the front line of the property management projects and comprehensively reviewed services through on-site inspections. This allowed them to find and rectify problems in a timely manner, thereby enabling efficient management and empowerment. Meanwhile, the management collected property owners' opinions face-to-face through on-site interviews to fully understand their demands regarding the services and to raise the level of their satisfaction. In the first half of the year, the Group organized more than 3,000 community cultural activities in more than 100 cities nationwide, covering various stakeholders in the community, society and the environment. the Group further developed the model of "building the community through the joint efforts of five parties", consolidated the primary-level governance capabilities, and fostered community spirit and mutual assistance in the neighborhoods. This allowed the Group to fully fulfill its corporate social responsibility by safeguarding the community and protecting the environment.

Meanwhile, the Group continued to devote more resources and efforts to the services provided to primary level during the Period, and forged ahead with the comprehensive upgrade and renewal of the environment and facilities. For instance, it carried out targeted rectification of problems for elevators, checked and eliminated safety hazards, raised the standard of elevator repair and maintenance, and improved the elevator safety management system. In the first half of the year, the level of the overall customer satisfaction at residential property projects was raised, with significant decreases in the number of major risks and hazards. In addition, the Group continued to improve standardization by compiling and revising its internal classification and standard grading of services, and participated in the preparation of the group standards for the national "Residential Property Service Standards" to ensure service quality. In terms of risk prevention, the Group gradually improved the regular risk reporting and the management mechanism with a focus on key projects, and concentrated resources to tackle difficult projects, thus ensuring the successful renewal of contracts for existing key projects and safeguarding the Group's business scale. On the premise of high-quality services, the Group has taken multiple measures to step up the collection of fees and payments and has proactively solved the remaining issues to ensure a stable cash flow.

Market expansion is an important driving force for the Group's long-term development. Although market opportunities were growing overall, the supply of newly developed residential properties has shrunk and risks have increased. The market shares have further concentrated to large-scale property companies and in high-tier cities. Property management companies with different backgrounds are actively seeking opportunities for market-oriented development, and competition for market expansion has intensified. The Group adheres to the core of market-oriented development strategy, adjusts its business expansion strategy in a timely manner, shifts away from growth in business scale to prioritizing quality, focuses on the conversion of projects and operation quality, expands the scope of property types for management, adopts flexible models for cooperation, and proactively responds to the new competitive landscape. During the Period, the Group consolidated its advantages in regions where it had competitive advantages and in the non-residential property sector based on its city classification and product grading strategies, increased its efforts to develop the markets in key regions and for non-residential property services. It won a number of bids for public building projects such as the comprehensive management and maintenance services for Huaqiao University Quanzhou Campus, Guangdong Provincial Public Security Bureau and Shenzhen Lianhuashan Park, and secured large-scale, integrated commercial and office projects such as Qingdao Sino-German Future City Doctoral Village Phase II. It continued to secure the best projects to expand its residential property service business and actively sought opportunities in the market for managing existing properties, and won contracts for numerous high-quality residential property projects in Shanghai and the Guangdong-Hong Kong-Macao Greater Bay Area.

In terms of business development along the value chain of the industry, the Group focused on sustainable and high-quality core businesses, and continued to optimize its business portfolio. For its value-added services for property owners, the Group focused on the needs of clients, adhered to the asset-light model, continuously adjusted its business strategy and prioritized profitability. In community-based living services, the Group optimized its product mix, focused on high-value core categories, improved its standardized product system, enriched the matrix of flagship products, and focused on strengthening sales channels in communities. For value-added services to institutions, the Group deepened its industrialized operation capabilities, built up the market expansion capabilities, and achieved quality business operation. Meanwhile, certain products, which were affected by the economic environment and the upstream real estate sector, adopted flexible business strategies, adjusted the allocation of resources in a timely manner, and strictly controlled operating risks. In the segment of city services, the Group focused on improving both the fee collection and profitability, continued to optimize and adjust the project portfolio, concentrated resources on economically-developed areas and high-quality projects, and actively sought business opportunities, so as to establish a high-quality business model. In the first half of the year, the Group leveraged its economies of scale and improved its professional service capabilities. It won a bid for the environmental sanitation service project of the Shahe Subdistrict Office, Nanshan District, Shenzhen, and made a breakthrough in greening and maintenance projects, thus consolidating its advantages in cities where it already had business presence and manifested its economies of scale.

The Group also adjusted and upgraded the model for business operation and management, as well as the informatization, in a timely manner in order to flexibly respond to new market changes and fully support the business development. During the Period, the Group further streamlined its management structure, clarified the functions of the three-tier management structure and the complementary roles of its regional offices and city companies. It enhanced the professionalism of its different operations such as engineering equipment, steward service and procurement, reasonably reduced costs and increased efficiency to improve per capita efficiency, and maintained the administrative expense ratio at a low level. In terms of organizational integration, the Group adheres to "region-specific strategies" and "enterprise-specific strategies". On the premise of steadily improving operational efficiency, the Group continued to optimize its post-acquisition management system, strengthened targeted management and assistance for member companies, and further facilitated the mobility of management talents between the headquarters and member companies so as to achieve deep integration and precise, mutual empowerment between organizations. In terms of informatization, the Group continued to promote the informatization of management systems for business operations, finance, human resources, and fee charging at the member companies and the comprehensive upgrading of the master data system, thereby enabling unified management of the projects' information across the entire Group. In terms of refined operations, the Group refined its project management model, made an overall assessment of the projects under management, concentrated resources on the quality improvement at those projects, developed its business selectively and continued to optimize its centralized procurement and supplier management.

Prospect

Although the global and Chinese economies are gradually recovering and improving, both the internal and external environments remain complicated and uncertain. The Group will refocus on its original aspiration, develop with its pragmatic approach, adhere to a high-quality development strategy, maintain the service quality as the core of its operation, innovate and seek breakthroughs, actively respond to the new normal after the in-depth adjustment of the real estate sector, strengthen its business fundamentals and leading advantages, and make a breakthrough in the new competitive landscape of the property management market. The Group will remain unswervingly client-centric and market-oriented, cherish its hard-won business fundamentals, continue to increase the service value, enhance customer stickiness with professional and diversified services, and manifest professionalism through high-quality services. Meanwhile, the Group will remain alert to market trends, seek breakthroughs under the new situation, strengthen the development of its businesses along the value chain of the industry with high quality, give full play to the value of innovation, and work as a cohesive force to achieve sustainable development.

Quality, reputation and professional capabilities will be the key to success in the competition and stand out from peers of property management industry in the future. Service quality is the lifeline for enterprises' survival and development. The Group will spare no effort to improve quality, consolidate and optimize its tiered service standard system, enhance front-line service capabilities at the primary level, establish and strengthen a regular mechanism for quality inspections, and ensure that managers at all levels go to the front line and make quality improvement their top priority. Meanwhile, the Group will upgrade itself through informatization and strengthen the capabilities of the mid-level management and front-line personnel in its business, truly implement refined operations, improve profitability and efficiency, win the trust of property owners with high-quality services, create a better environment for property owners, and eliminate risks in business management and operation. In addition, the Group will provide better services, maintain good customer relationships, optimize the project portfolio, ensure good operational efficiency and spare no effort to collect fees to stabilize cash flow, with the aim of enabling its healthy and sustainable development, thus forming a virtuous, positive and sustainable cycle.

The Group will unswervingly adhere to market-oriented development, seize opportunities with keenness and precision, develop its features and professional advantages in the fierce competition, and provide customers with high-quality and valuable services. The Group puts project quality first, focuses on project conversion, cash flow and stability of profitability, and is selective in business expansion while taking the business scale into account. Although the market for property services to new residential properties is limited, the public building market becomes gradually more market-oriented. The Group will focus on high-quality business opportunities for providing services to non-residential properties, strive to broaden the source of projects, deepen the sharing of resources, and adopt flexible business expansion strategies to outsmart the competition. When selecting regions for undertaking property service projects, the Group will focus on increasing the project intensity and concentrate on the strategically important cities where it has already had business presence and has deeply developed the markets. It will strictly control the radius of the distribution of its projects and not hastily undertake "isolated" projects. In addition, the Group will comprehensively assess risks of large-scale benchmark projects to ensure the contract renewal for key and high-quality projects. It will actively maintain relationships with existing customers and major customers through its grading system, and actively seek flexible cooperation with local state-owned enterprises to maintain the Group's advantage of economies of scale. The Group will pursue progress in its diverse businesses with a prudent approach. In the value-added services to property owners, the Group will focus on non-real estate, resource-based businesses that can consistently generate profit, deepen the integration of the product ecosystem and supply chain, standardize and informatize the operation of its living services to the community and institutions, and deeply unlock the value of existing projects. Meanwhile, the Group will focus on the quality of its businesses and balance investment and returns. It will innovate and extend the scope of business with an asset-light model and platform-based approach, and leverage the advantages of the platform to accurately connect suppliers with the needs of property owners. In the city services, the Group will continue to prioritize the quality of operation, seek opportunities to undertake projects with good fee collection rates and high operational efficiency in high-tier cities, continue to optimize the overall project portfolio, and focus on enhancing its economies of scale in regions where it has competitive advantages.

In the future, the Group will forge ahead with its agile organizational strategy by adhering to "region-specific strategies", "city-specific strategies" and "enterprise-specific strategies", thereby effectively improving both quality and efficiency. The Group will conduct organizational integration in line with the business philosophy of mutually beneficial cooperation, further standardize the Company's internal control, enhance the authorization management and improve the system for post-acquisition management and evaluation. With a results-oriented approach, clear red lines and boundaries will be established to facilitate the continuing organizational integration, foster complementary advantages, and promote common development. The Group will always put people first, attach great importance to the development of corporate culture, cultivate an atmosphere that encourages hard work and pragmatism, stimulate team vitality and enhance cohesion, and establish an atmosphere that encourages ethical and honest practices to steer the Company steadily to long-term success. Meanwhile, the Group will press on with digital transformation, continue to update and upgrade its information platform, and empower member companies to refine services and improve internal management efficiency.

Looking ahead, the Group will further consolidate its industry-leading advantages, navigate the business cycle and achieve long-term sustainable development with its high-quality services, stable business scale, flexible organization and outstanding talents. All employees of the Group will forge ahead together with a selfless spirit and altruism, serve property owners with a high sense of responsibility and mission, continue to provide high-quality services commensurate with the price, and strive to achieve the Group's high-quality and sustainable development. The Group will devote itself wholeheartedly to its mission, live up to the expectations of the property owners, employees and the Shareholders, continue to give back to society, and realize the beautiful vision of co-creation for mutual benefit.

Acknowledgement

On behalf of the board (the "**Board**") of directors (the "**Directors**") of the Company, we would like to extend our heartfelt gratitude to our Shareholders and customers for their enormous support and to all our staff members for their dedicated efforts, which contributed greatly to the growth of the Group.

Chan Cheuk Hung/Huang Fengchao
Co-Chairman of the Board

Hong Kong, 27 August 2024

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**7,022,621**	7,698,512
Cost of sales		**(5,829,191)**	(6,124,953)
Gross profit		**1,193,430**	1,573,559
Selling and marketing expenses		**(23,056)**	(52,728)
Administrative expenses		**(336,723)**	(383,170)
Net impairment losses on financial assets		**(2,883,872)**	(45,605)
Other income	*4*	**41,675**	99,753
Other (loss)/gains – net	*5*	**(32,583)**	13,646
Operating (loss)/profit		**(2,041,129)**	1,205,455
Finance costs	*6*	**(13,660)**	(11,593)
Share of post-tax profits of joint ventures and associates		**19,479**	11,243
(Loss)/profit before income tax		**(2,035,310)**	1,205,105
Income tax credit/(expenses)	*7*	**502,997**	(253,599)
(Loss)/profit for the period		**(1,532,313)**	951,506
(Loss)/profit attributable to:			
– Shareholders of the Company		**(1,634,169)**	838,952
– Non-controlling interests		**101,856**	112,554
		(1,532,313)	951,506
(Loss)/earnings per share (expressed in RMB per share)			
– Basic and diluted (loss)/earnings per share	*8*	**(1.15)**	0.59

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/profit for the period	**(1,532,313)**	951,506
Other comprehensive income		
Item that will not be reclassified to profit or loss		
– changes in fair value of financial assets at fair value through other comprehensive income, net of tax	**–**	–
Total comprehensive (expense)/income for the period	**(1,532,313)**	951,506
Attributable to:		
– Shareholders of the Company	**(1,634,169)**	838,952
– Non-controlling interests	**101,856**	112,554
	(1,532,313)	951,506

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**As at 30 June 2024** *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Assets			
Non-current assets			
Property, plant and equipment ("**PPE**")	*9*	**635,635**	632,800
Right-of-use assets	*9*	**64,369**	82,511
Investment properties	*10*	**256,424**	262,995
Other intangible assets	*11*	**1,005,880**	1,170,180
Goodwill	*11*	**2,798,182**	2,887,011
Deferred income tax assets		**1,088,238**	385,182
Investments accounted for using the equity method		**1,384,243**	1,202,285
Prepayments	*12*	**968,834**	923,797
Financial assets at fair value through other comprehensive income		**12,593**	12,593
Financial assets at fair value through profit or loss ("**FVPL**")		**3,238**	3,238
		8,217,636	7,562,592
Current assets			
Trade and other receivables and prepayments	*12*	**8,431,127**	10,206,581
Inventories		**33,011**	38,518
Financial assets at fair value through profit or loss		**1,997,107**	2,000,112
Restricted cash		**178,831**	167,912
Cash and cash equivalents		**3,042,681**	4,074,865
		13,682,757	16,487,988
Total assets		**21,900,393**	24,050,580

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Equity			
Equity attributable to shareholders of the Company			
Share capital	*13*	**1,420,001**	1,420,001
Other reserves		**5,620,787**	5,625,031
Retained earnings		**4,048,739**	5,768,108
		11,089,527	12,813,140
Non-controlling interests		**1,787,486**	1,635,991
Total equity		**12,877,013**	14,449,131
Liabilities			
Non-current liabilities			
Other payables	*14*	**9,669**	2,891
Contract liabilities		**80,715**	83,631
Borrowings		**167,437**	115,369
Lease liabilities		**25,254**	42,069
Deferred income tax liabilities		**276,312**	313,152
		559,387	557,112
Current liabilities			
Trade and other payables	*14*	**6,334,631**	6,683,371
Contract liabilities		**1,385,906**	1,567,840
Current income tax liabilities		**461,070**	576,025
Borrowings		**250,123**	181,386
Lease liabilities		**32,263**	35,715
		8,463,993	9,044,337
Total liabilities		**9,023,380**	9,601,449
Total equity and liabilities		**21,900,393**	24,050,580

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

A-Living Smart City Services Co., Ltd. (the "**Company**") was established in the People's Republic of China (the "**PRC**") on 26 June 1997. On 21 July 2017, the Company was converted from a limited liability company into a joint stock company with limited liability. The address of the Company's registered office is Management Building, Xingye Road, Agile Garden, Sanxiang Town, Zhongshan, Guangdong Province, the PRC.

The Company was listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on 9 February 2018.

The Company's parent company is Zhongshan A-Living Enterprise Management Services Co., Ltd. ("**Zhongshan A-Living**"), an investment holding company established in the PRC, and its ultimate holding company is Agile Group Holdings Limited ("**Agile Holdings**"), a company incorporated in the Cayman Islands and its shares are listed on the Hong Kong Stock Exchange.

The Company and its subsidiaries (together the "**Group**") are primarily engaged in the provision of property management services, related value-added services and city sanitation and cleaning services in the PRC.

These condensed consolidated financial statements are presented in Renminbi, unless otherwise stated.

These condensed consolidated financial statements have not been audited.

2. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax (see Note 2(a)) and the adoption of new and amended standards as set out below.

(a) Income taxes

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(b) Amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

(c) New and amendments to existing standards have been issued but are not effective for the financial year beginning on 1 January 2024 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability (amendments)	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments (amendments)	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Hong Kong Interpretation 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards and amendments. The adoption of these new and amended standards is not expected to have a material impact to the results or financial position of the Group.

3. REVENUE

Revenue mainly comprises proceeds from property management services, related value-added services and city sanitation and cleaning services. An analysis of the Group's revenue by category for the six months ended 30 June 2024 and 2023 was as follows:

		Six months ended 30 June	
		2024	2023
	Timing of revenue recognition	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Property management services	over time	**5,371,520**	5,267,285
Value-added services related to property management			
– Other value-added services	over time	**867,078**	1,374,416
– Sales of goods	at a point in time	**136,908**	382,948
City sanitation and cleaning services	over time	**647,115**	673,863
		7,022,621	7,698,512

4. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income		
– from deposits and loans to third parties	**30,250**	65,381
– from loans to related parties	**223**	384
Government grants *(note (i))*	**7,116**	20,333
Tax incentives *(note (ii))*	**2,555**	12,923
Rental income	**434**	351
Miscellaneous	**1,097**	381
	41,675	99,753

Notes:

(i) Government grants consisted mainly of financial subsidies granted by the local governments. There are no unfulfilled conditions attached to the government grants recognised during the six months ended 30 June 2024.

(ii) Tax incentives mainly included additional deduction of input value-added tax in relation to the community services provided by the Company and its certain subsidiaries.

5. OTHER (LOSS)/GAINS – NET

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net fair value gains on financial assets at FVPL	**50**	14,891
Gains on redemption and disposal on financial assets at FVPL	**15,653**	2,933
Losses from disposal of investments accounted for using equity method	**(28,156)**	–
Losses from disposal of subsidiaries	**(12,655)**	–
Exchange (losses)/gains	**(97)**	102
Fair value losses on investment properties *(note 10)*	**(6,571)**	(6,036)
Losses on disposal of PPE	**(750)**	(582)
Miscellaneous	**(57)**	2,338
	(32,583)	13,646

6. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expenses of borrowings	**12,057**	9,486
Unwinding of discount on financial liabilities for put options	**–**	313
Interest and finance charges paid/payable for lease liabilities	**1,603**	1,794
	13,660	11,593

7. INCOME TAX (CREDIT)/EXPENSES

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
– PRC corporate income tax	**236,899**	250,171
Deferred income tax		
– PRC corporate income tax	**(739,896)**	3,428
	(502,997)	253,599

PRC corporate 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 period, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the group entities located in Mainland China is 25% (six months ended 30 June 2023: 25%) according to the Corporate Income Tax Law of the PRC.

In 2020, Guangzhou Yatian Network Technology Co., Ltd. ("**Guangzhou Yatian**") obtained the Certificate of High and New Technology Enterprise with valid period from 2020 to 2022. In 2023, Guangzhou Yatian renewed the certificate and continues to enjoy the preferential income tax rate with three-year valid. The tax rate applicable to Guangzhou Yatian during the period ended 30 June 2024 was 15% (30 June 2023: 15%).

Certain subsidiaries of the Group in the PRC are located in western cities and subject to a preferential income tax rate of 15% for certain years (six months ended 30 June 2023: 15%).

Certain subsidiaries of the Group in the PRC are located in Hainan Free Trade Port and subject to a preferential income tax rate of 15% for certain years (six months ended 30 June 2023: 15%).

Certain of the Group's subsidiaries enjoy the preferential income tax treatment for Small and Micro Enterprise with the income tax rate of 20% and are eligible to have their tax calculated based 25% or 50% (six months ended 30 June 2023: 25%) of their taxable income.

Hong Kong income tax

No Hong Kong profits tax was applicable to the Group for the six months ended 30 June 2024 and 2023. There were three subsidiaries incorporated in Hong Kong. No Hong Kong profits tax was provided for those three Hong Kong subsidiaries as there was no estimated taxable profits that was subject to Hong Kong profits tax during six months ended 30 June 2024 and 2023.

8. (LOSS)/EARNINGS PER SHARE

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of RMB1,634,169,000 (30 June 2024: profit of RMB838,952,000) and on the weighted average number of 1,420,000,800 ordinary shares in issue during the period ended 30 June 2024 and 2023.

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

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to shareholders of the Company *(RMB'000)*	**(1,634,169)**	838,952
Weighted average number of ordinary shares in issue *(in thousands)*	**1,420,001**	1,420,001
Basic (loss)/earnings per share for (loss)/profit attributable to the shareholders of the Company during the period *(expressed in RMB per share)*	**(1.15)**	0.59

9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Buildings	Transportation equipment	Office equipment	Machinery	Subtotal	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024							
Cost	**135,721**	**199,663**	**45,032**	**560,770**	**941,186**	**144,040**	**1,085,226**
Accumulated depreciation	**(32,630)**	**(79,039)**	**(21,106)**	**(175,611)**	**(308,386)**	**(61,529)**	**(369,915)**
Net book amount	**103,091**	**120,624**	**23,926**	**385,159**	**632,800**	**82,511**	**715,311**
Six months ended 30 June 2024 (Unaudited)							
Opening net book amount	**103,091**	**120,624**	**23,926**	**385,159**	**632,800**	**82,511**	**715,311**
Additions	**40,326**	**4,532**	**3,531**	**42,763**	**91,152**	**10,070**	**101,222**
Acquisition of subsidiaries	**–**	**–**	**–**	**87**	**87**	**322**	**409**
Disposals	**39**	**(1,283)**	**(1,013)**	**(8,552)**	**(10,809)**	**(2,572)**	**(13,381)**
Disposal of subsidiaries	**–**	**(1,049)**	**(876)**	**(1,278)**	**(3,203)**	**(8,780)**	**(11,983)**
Depreciation charge	**(2,301)**	**(16,946)**	**(5,130)**	**(50,015)**	**(74,392)**	**(17,182)**	**(91,574)**
Closing net book amount	**141,155**	**105,878**	**20,438**	**368,164**	**635,635**	**64,369**	**700,004**
As at 30 June 2024 (Unaudited)							
Cost	**176,047**	**195,692**	**41,902**	**579,675**	**993,316**	**128,254**	**1,121,570**
Accumulated depreciation	**(34,892)**	**(89,814)**	**(21,464)**	**(211,511)**	**(357,681)**	**(63,885)**	**(421,566)**
Net book amount	**141,155**	**105,878**	**20,438**	**368,164**	**635,635**	**64,369**	**700,004**
As at 1 January 2023							
Cost	165,578	180,700	59,875	413,847	820,000	147,666	967,666
Accumulated depreciation	(34,165)	(48,990)	(28,813)	(105,489)	(217,457)	(95,950)	(313,407)
Net book amount	131,413	131,710	31,062	308,358	602,543	51,716	654,259
Six months ended 30 June 2023 (Unaudited)							
Opening net book amount	131,413	131,710	31,062	308,358	602,543	51,716	654,259
Additions	295	5,098	7,308	37,481	50,182	61,786	111,968
Disposals	–	(6,436)	(377)	(1,988)	(8,801)	–	(8,801)
Depreciation charge	(2,174)	(18,563)	(8,205)	(35,441)	(64,383)	(20,665)	(85,048)
Closing net book amount	129,534	111,809	29,788	308,410	579,541	92,837	672,378
As at 30 June 2023 (Unaudited)							
Cost	162,890	175,431	63,424	443,540	845,285	158,594	1,003,879
Accumulated depreciation	(33,356)	(63,622)	(33,636)	(135,130)	(265,744)	(65,757)	(331,501)
Net book amount	129,534	111,809	29,788	308,410	579,541	92,837	672,378

As at 30 June 2024, certain self-used PPE with net book value of RMB121,777,000 (31 December 2023: RMB89,455,000) were pledged as collateral for the Group's borrowings.

10. INVESTMENT PROPERTIES

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Commercial properties:		
At beginning of the period	**262,995**	252,796
Additions	**–**	26,460
Revaluation losses recognised in profit and loss *(note 5)*	**(6,571)**	(6,036)
At end of the period	**256,424**	273,220

Notes:

(i) Amounts recognised in the condensed consolidated income statement for investment properties:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Rental income *(note 4)*	**434**	351

(ii) As at 30 June 2024, certain investment properties with market value of RMB27,745,000 (31 December 2023: RMB15,965,000) were pledged as collateral for the Group's borrowings.

(iii) As at 30 June 2024, the Group had no unprovided contractual obligations for future repairs and maintenance (31 December 2023: nil).

(iv) Fair value hierarchy

As at 30 June 2024, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs. There were no transfers between level 1, 2 and 3 during the period (31 December 2023: nil).

(v) Valuation processes and techniques

The Group measures its investment properties at fair value. The investment properties were valued by the management as at 30 June 2024. Methods and key assumptions in determining the fair value of the investment properties as at respective dates are disclosed as follows:

Fair value measurements used significant unobservable inputs (level 3).

Fair values of investment properties are evaluated by using direct comparison approach, which is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.

The main level 3 input used by the Group is market price.

(vi) Valuation inputs and relationships to fair value

Description	Fair value as at 30 June 2024 *RMB'000*	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Office buildings	256,424	Market price (RMB/square meter)	14,000–51,000	The higher the market price, the higher the fair value

11. OTHER INTANGIBLE ASSETS AND GOODWILL

	Computer software *RMB'000*	Trademarks *RMB'000*	Customer relationship and backlogs *RMB'000*	Subtotal *RMB'000*	Goodwill *RMB'000*	Total *RMB'000*
As at 1 January 2024						
Cost	51,276	63,802	1,824,143	1,939,221	3,314,901	5,254,122
Accumulated amortisation	(26,343)	(29,749)	(712,949)	(769,041)	–	(769,041)
Accumulated impairment	–	–	–	–	(427,890)	(427,890)
Net book amount	24,933	34,053	1,111,194	1,170,180	2,887,011	4,057,191
Six months ended 30 June 2024 (Unaudited)						
Opening net book amount	24,933	34,053	1,111,194	1,170,180	2,887,011	4,057,191
Additions	739	–	–	739	–	739
Acquisition of subsidiaries	–	–	–	–	618	618
Disposals	(10)	–	–	(10)	–	(10)
Disposal of subsidiaries	(42)	(28,730)	(39,172)	(67,944)	(89,447)	(157,391)
Amortisation charges	(3,617)	(1,153)	(92,315)	(97,085)	–	(97,085)
Closing net book amount	22,003	4,170	979,707	1,005,880	2,798,182	3,804,062
As at 30 June 2024 (Unaudited)						
Cost	51,753	28,860	1,764,003	1,844,616	3,145,544	4,990,160
Accumulated amortisation	(29,750)	(24,690)	(784,296)	(838,736)	–	(838,736)
Accumulated impairment	–	–	–	–	(347,362)	(347,362)
Net book amount	22,003	4,170	979,707	1,005,880	2,798,182	3,804,062

	Computer software *RMB'000*	Trademarks *RMB'000*	Customer relationship and backlogs *RMB'000*	Subtotal *RMB'000*	Goodwill *RMB'000*	Total *RMB'000*
As at 1 January 2023						
Cost	52,026	63,342	1,824,143	1,939,511	3,314,901	5,254,412
Accumulated amortisation	(22,220)	(26,153)	(518,889)	(567,262)	–	(567,262)
Net book amount	29,806	37,189	1,305,254	1,372,249	3,314,901	4,687,150
Six months ended 30 June 2023 (Unaudited)						
Opening net book amount	29,806	37,189	1,305,254	1,372,249	3,314,901	4,687,150
Additions	530	–	–	530	–	530
Disposals	(1,413)	–	–	(1,413)	–	(1,413)
Amortisation charges	(2,571)	(1,685)	(99,223)	(103,479)	–	(103,479)
Closing net book amount	26,352	35,504	1,206,031	1,267,887	3,314,901	4,582,788
As at 30 June 2023 (Unaudited)						
Cost	50,050	63,342	1,824,143	1,937,535	3,314,901	5,252,436
Accumulated amortisation	(23,698)	(27,838)	(618,112)	(669,648)	–	(669,648)
Net book amount	26,352	35,504	1,206,031	1,267,887	3,314,901	4,582,788

As the result of management assessment, no impairment provision on goodwill was recognised during the period ended 30 June 2024 (30 June 2023: nil) and the accumulated impairment provision on goodwill was amounted to RMB347,362,000 (31 December 2023: RMB427,890,000).

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables *(note (i))*		
– Related parties	**3,529,736**	3,387,830
– Third parties	**5,004,517**	4,319,695
	8,534,253	7,707,525
Less: allowance for impairment of trade receivables	**(3,291,002)**	(1,053,795)
	5,243,251	6,653,730
Other receivables		
– Related parties *(note (ii))*	**914,143**	875,453
– Third parties *(note (iii))*	**2,728,474**	2,474,646
	3,642,617	3,350,099
Less: allowance for impairment of other receivables	**(914,287)**	(266,888)
	2,728,330	3,083,211
Prepayments		
– Related parties	**287,595**	287,396
– Third parties	**1,145,501**	1,110,757
	1,433,096	1,398,153
Less: allowance for impairment of prepayments	**(4,716)**	(4,716)
	1,428,380	1,393,437
Subtotal	**9,399,961**	11,130,378
Less: non-current portion of prepayments	**(968,834)**	(923,797)
	8,431,127	10,206,581

Notes:

(i) Trade receivables mainly represented the receivables of outstanding property management service fee and the receivables of value-added service income and city sanitation and cleaning service income.

Property management services income, value-added service income and city sanitation and cleaning service income are received in accordance with the terms of the relevant services agreements, and due for payment upon the issuance of demand note.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

As at 30 June 2024 and 31 December 2023, the aging analysis of the trade receivables based on invoice date were as follows:

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables		
Up to 1 year	**4,089,139**	4,012,222
1 to 2 years	**3,082,081**	2,802,837
2 to 3 years	**839,404**	565,314
Over 3 years	**523,629**	327,152
	8,534,253	7,707,525

Trade receivables of RMB44,463,000 (31 December 2023: RMB65,422,000) were pledged as collateral for a subsidiary's borrowings. The associated secured borrowings amounted to RMB24,320,000 (31 December 2023: RMB44,167,000).

(ii) Included in receivables due from related parties as at 30 June 2024, there were (i) deposit of RMB700,000,000 (31 December 2023: RMB700,000,000) paid to Agile Holdings for the parking space leasing and sales agency service which is secured by certain car-parking space of Agile Holdings; (ii) interest-bearing advances to related parties of RMB75,523,000 (31 December 2023: RMB79,544,000), which are unsecured, interest bearing at 0.5% (31 December 2023: 0% to 0.5%) per annum and are repayable within one year or on demand, and (iii) rental deposits which are repayable upon maturity of rental period according to the respective contracts.

(iii) Other receivables mainly comprised of deposits, advances to third parties, and payments on behalf of residents, included advances to third parties amounting to RMB702,728,000 (31 December 2023: RMB1,223,040,000) as at 30 June 2024, which are bearing interest from 2% to 5% per annum (31 December 2023: 2% to 7% per annum) to be repaid within one year.

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

13. SHARE CAPITAL

	Number of shares		**Share Capital**	
	30 June 2024	31 December 2023	**30 June 2024**	31 December 2023
			RMB'000	*RMB'000*
			(Unaudited)	(Audited)
Issued and fully paid	**1,420,000,800**	1,420,000,800	**1,420,001**	1,420,001

14. TRADE AND OTHER PAYABLES

	As at 30 June 2024 *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Trade payables		
– Related parties	**85,257**	57,824
– Third parties	**2,724,233**	2,886,533
	2,809,490	2,944,357
Other payables		
– Related parties	**135,157**	104,052
– Third parties	**2,349,410**	2,318,913
	2,484,567	2,422,965
Dividends payables	**128,678**	118,664
Accrued payroll	**847,154**	1,047,219
Other taxes payables	**74,411**	153,057
Total trade and other payables	**6,344,300**	6,686,262
Less: non-current portion of other payables	**(9,669)**	(2,891)
Current portion of trade and other payables	**6,334,631**	6,683,371

As at 30 June 2024 and 31 December 2023, the aging analysis of the trade payables (including amounts due to related parties in trade nature) based on invoice date were as follows:

	As at 30 June 2024 *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Up to 1 year	**2,407,020**	2,624,448
1 to 2 years	**265,861**	264,720
2 to 3 years	**116,085**	35,482
Over 3 years	**20,524**	19,707
	2,809,490	2,944,357

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

15. DIVIDENDS

On 27 August 2024, the board of directors has resolved to declare an interim dividend of RMB0.03 per share (2023: RMB0.025 per share), which is payable to shareholders whose names appear on the Company's register of members on 19 December 2024, and the amount of which will be subject to the approval of the shareholders at the forthcoming extraordinary general meeting of the Company. This interim dividend, amounting to RMB42,600,000 (2023: RMB35,500,000), has not been recognised as a liability in the interim condensed consolidated financial statements. It will be recognised in equity in the year ending 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2024, the complexity, severity and uncertainty of the external environment have increased significantly, the domestic development structure adjustment has continued to deepen, and the real estate market is still in a period of adjustment and transformation. In view of the pressurized macroeconomic and real estate market, the property management industry is facing numerous challenges, transforming from an incremental market competition to an existing market competition, with an increasing focus on high-quality development.

The Group always adhered to independence and marketization-oriented, focusing on the development of non-cyclical business, further improving service quality, continuously improving operating efficiency, and safeguarding long-term sustainable development. During the Period, the revenue of the Group amounted to approximately RMB7,022.6 million, with the proportion of non-cyclical business revenue further increased to 96.7%. Net loss amounted to RMB1,532.3 million and loss attributable to Shareholders was RMB1,634.2 million. As at 30 June 2024, the GFA under management and contracted GFA of the Group reached 576.7 million sq.m. and 749.8 million sq.m., respectively.

FINANCIAL REVIEW

Revenue

The Group's revenue was derived from four major business lines: (i) property management services; (ii) property owners value-added services; (iii) city services; and (iv) extended value-added services.

For the six months ended 30 June 2024, the Group's revenue amounted to RMB7,022.6 million (the corresponding period of 2023: RMB7,698.5 million), representing a decrease of 8.8% as compared with the corresponding period of last year. Among which, revenue from property management services, property owners value-added services and city services businesses of the Group totalled RMB6,790.1 million, representing a year-on-year decrease of 4.5% and accounting for 96.7% of the Group's total revenue.

	For the six months ended 30 June				
	2024	**Percentage of revenue**	2023	Percentage of revenue	**Growth rate**
	(RMB million)	*%*	*(RMB million)*	*%*	*%*
Property management	**5,371.5**	**76.5%**	5,267.3	68.4%	2.0%
– Residential property projects	**2,328.0**	**33.2%**	2,172.2	28.2%	7.2%
– Non-residential property projects	**3,043.5**	**43.3%**	3,095.1	40.2%	-1.7%
Property owners value-added services	**771.5**	**11.0%**	1,167.2	15.2%	-33.9%
City services	**647.1**	**9.2%**	673.9	8.7%	-4.0%
Subtotal:	**6,790.1**	**96.7%**	7,108.4	92.3%	-4.5%
Extended value-added services	**232.5**	**3.3%**	590.1	7.7%	-60.6%
– Sales centre property management services	**148.7**	**2.1%**	226.4	3.0%	-34.3%
– Other extended value-added services	**83.8**	**1.2%**	363.7	4.7%	-77.0%
Total	**7,022.6**	**100.0%**	7,698.5	100.0%	-8.8%

Property management services

Property management services, which include security, cleaning, greening, gardening, repair and maintenance, etc., are the Group's main source of revenue.

During the Period, revenue from property management services amounted to RMB5,371.5 million (the corresponding period of 2023: RMB5,267.3 million), representing an increase of 2.0% as compared with the corresponding period of last year. Among which, revenue from residential property projects amounted to RMB2,328.0 million (the corresponding period of 2023: RMB2,172.2 million), representing an increase of 7.2% as compared with the corresponding period of last year. Revenue from non-residential property projects amounted to RMB3,043.5 million (the corresponding period of 2023: RMB3,095.1 million), representing a decrease of 1.7% as compared with the corresponding period of last year.

The breakdown of the Group's total GFA under management

As at 30 June 2024, the Group's total GFA under management was 576.7 million sq.m.. Among which, the GFA under management from third-party projects accounted for approximately 82.9% of the total GFA under management, and third-party projects accounted for the majority of the Group's GFA under management.

The project portfolio for GFA under management

The Group has established a diversified and balanced business portfolio layout, capitalising on its first-mover advantages in niche markets such as residential property, public buildings and commercial and office buildings, etc. As at 30 June 2024, residential projects accounted for 44.1% (as at 31 December 2023: 42.4%) of the Group's GFA under management in terms of business portfolio, and non-residential projects accounted for 55.9% (as at 31 December 2023: 57.6%) (public buildings: 44.5%; commercial buildings and others: 11.4%).

The geographic coverage for GFA under management

As at 30 June 2024, the number of Group's projects under management was 4,521, covering 31 provinces, municipalities and autonomous regions and 214 cities nationwide.

By region, 33.6% of the Group's GFA under management was located in the Yangtze River Delta region, 19.9% in the Guangdong-Hong Kong-Macao Greater Bay Area, 8.4% in the Shandong Peninsula city cluster, 7.9% in the Chengdu-Chongqing city cluster, while the remaining spread across other regions in the PRC.

The charging mode

The lump sum contract basis the Group primarily adopted is conducive to improving service quality and operational efficiency.

The breakdown of the Group's total contracted GFA

The contracted GFA, which is defined by the Group as areas agreed in the contracts signed with property developers or property owners for providing property management services, includes delivered and to-be-delivered GFA, and the to-be-delivered contracted (reserved) GFA will become the Group's GFA under management and enlarge the source of the Group's revenue in the future.

As at 30 June 2024, the contracted GFA was 749.8 million sq.m.. The contracted GFA from third-party projects accounted for approximately 80.5% of the total contracted GFA.

Property owners value-added services

Property owners value-added services mainly include living and comprehensive services, home improvement services, community space operation and other services, as well as value-added services to institutions and enterprises, which focus on improving the work and living experience of property owners and residents at the properties under management and preserving and increasing the value of their properties.

During the Period, revenue from property owners value-added services amounted to RMB771.5 million, representing a decrease of 33.9% as compared with RMB1,167.2 million in the corresponding period of 2023, and accounting for approximately 11.0% of the total revenue.

(1) Living and comprehensive services include property maintenance, housekeeping, courtyard gardening, community retail, energy-saving renovation, express delivery, tourism, community second-hand leasing and sales services, comprehensive consulting services, etc. In the first half of the year, the Group optimized the business structure of living services, adjusted the product structure of the retail business, focused on high-margin products such as beverages and fresh food, and adjusted the business model. For household services, the Group focused on the development of self-operated door-to-door business, and implemented the 3+X business model which combined the penetration of core products such as housekeeping, maintenance and home appliance cleaning and promoted the development of regional featured home business. During the Period, revenue from living and comprehensive services was approximately RMB322.1 million, representing a decrease of 43.9% as compared with RMB574.5 million in the corresponding period in 2023, and accounting for approximately 41.7% of revenue from property owners value-added services.

(2) Home improvement services primarily include decoration, turnkey furnishing and community renewal services, etc. During the Period, revenue from home improvement services amounted to approximately RMB47.5 million, representing a decrease of 50.5% as compared with RMB95.9 million in the corresponding period of 2023, which was mainly due to the declined demand for home improvement business as a result of the relatively sluggish real estate market and more cautious expanse of residents.

(3) Community space operation and other services primarily include club house operation services, property operation services, community-based advertising operation, parking lot management services and community asset operation, etc. During the Period, revenue from community space operation and other services amounted to approximately RMB245.8 million, representing a decrease of 17.0% as compared with RMB296.0 million in the corresponding period of 2023, and accounted for approximately 31.9% of the revenue from property owners value-added services, which was mainly due to the decreased demand for space rental and sales as affected by the economic environment.

(4) Value-added services to institutions and enterprises include featured value-added services for public buildings, such as catering, commuting services and material procurement services, as well as featured value-added services for commercial and office buildings, such as customized business platform for enterprises, conferencing services, centralised procurement and retailing for enterprises, etc. During the Period, the revenue from institutional value-added service was approximately RMB156.1 million, representing a year-on-year decrease of 22.3%, accounting for approximately 20.2% of revenue from property owners' value-added service, which was mainly due to revenue decrease of certain businesses such as group catering caused by customer demand changes and adjustment on expansion strategy.

City services

City services mainly include street cleaning and maintenance, domestic refuse collection and transportation, refuse classification, landscaping and gardening maintenance, municipal facility maintenance, urban space operation, community coordination and governance, smart city management solutions, etc. Currently, the Group's city service projects are mainly divided into single project contracting model and integrated sanitation services, etc.

During the Period, revenue from city services reached RMB647.1 million, representing a decrease of 4.0% as compared with RMB673.9 million in the corresponding period of 2023, and accounting for approximately 9.2% of the total revenue, which was mainly due to proactive adjustment made to projects with poor payment collection in order to improve the overall fee collection efficiency and project quality, and idle assets and equipment were used to expand new projects to actively supplement the income shortfall caused by proactive project replacement.

Extended value-added services

Extended value-added services primarily include sales centre property management services and other extended value-added services for property developers.

During the Period, the Group recorded revenue from extended value-added services of RMB232.5 million (the corresponding period of 2023: RMB590.1 million), representing a decrease of 60.6% from last year, and accounting for approximately 3.3% of the total revenue, which was mainly due to decreased demand for sales center property management services and relevant services caused by sluggish real estate development and sales. The revenue from extended value-added services includes:

(1) Sales centre property management services (accounting for 64.0% of the revenue from the extended value-added services): the revenue for the Period amounted to RMB148.7 million, representing a decrease of 34.3% as compared with RMB226.4 million in the corresponding period of 2023.

(2) Other extended value-added services (accounting for 36.0% of the revenue from the extended value-added services): include property agency services and housing inspection services, etc. The revenue for the Period amounted to RMB83.8 million, representing a decrease of 77.0% as compared with RMB363.7 million in the corresponding period of 2023.

Cost of sales

The Group's cost of sales primarily consists of employee benefit expenses, cleaning expenses, security charges, maintenance costs, utilities, greening and gardening expenses, cost of consumables, depreciation and amortisation charges and others.

During the Period, the Group's cost of sales was RMB5,829.2 million (the corresponding period of 2023: RMB6,125.0 million), representing a year-on-year decrease of 4.8%. The decrease was primarily due to the decrease in extended value-added services and property owner value-added services business of the Group.

Gross profit and gross profit margin

	For the six months ended 30 June				
	2024		2023		
	Gross profit *(RMB million)*	**Gross profit margin** %	Gross profit *(RMB million)*	Gross profit margin %	**Growth rate** %
Property management services	**879.7**	**16.4%**	993.1	18.9%	-11.4%
Property owners value-added services	**150.7**	**19.5%**	321.8	27.6%	-53.2%
City services	**122.5**	**18.9%**	142.2	21.1%	-13.9%
Subtotal:	**1,152.9**	**17.0%**	1,457.1	20.5%	-20.9%
Extended value-added services	**40.5**	**17.4%**	116.5	19.7%	-65.2%
Total	**1,193.4**	**17.0%**	1,573.6	20.4%	-24.2%

During the Period, the Group's gross profit amounted to RMB1,193.4 million, representing a decrease of 24.2% as compared with RMB1,573.6 million in the corresponding period of 2023. Gross profit margin decreased by 3.4 percentage points to 17.0% from 20.4% in the corresponding period of 2023. Among which, the total gross profit of property management services, property owners value-added services and city services was RMB1,152.9 million, representing a year-on-year decrease of 20.9%. The gross profit from these three businesses increased to 96.6% of the Group's total gross profit from 92.6% in the corresponding period of 2023.

– The gross profit margin of property management services was 16.4% (the corresponding period of 2023: 18.9%), representing a decrease of 2.5 percentage points as compared with that of the corresponding period of 2023, which was mainly due to the Group's continuous effort in strengthening its investment in primary level services and promoted comprehensive upgrading and renovation of the environment and facilities. Excluding the effect of amortization of intangible assets due to the merger and acquisition, the gross profit was RMB947.9 million and the gross profit margin was 17.6%.

– The gross profit margin of property owners value-added services was 19.5% (the corresponding period of 2023: 27.6%), representing a decrease of 8.1 percentage points as compared with that of the corresponding period of 2023, which was mainly due to the continuous optimization of business structure and operating model which adopted flexible business strategies and timely adjusted resource investment for business with high gross profit but affected by the economic environment and upstream real estate market.

– The gross profit margin of city services was 18.9% (the corresponding period of 2023: 21.1%), representing a decrease of 2.2 percentage points as compared with that of the corresponding period of 2023, which was mainly due to the adjustments in business strategy to proactively phase out projects with higher gross profit margin yet poor payment collection.

– The gross profit margin of extended value-added services was 17.4% (the corresponding period of 2023: 19.7%), representing a decrease of 2.3 percentage points as compared with that of the corresponding period of 2023, which was mainly due to the continuous adjustment to the real estate industry, and demand for relevant services and business scale have declined, yet the cost of related business remained high.

Selling and marketing expenses

During the Period, the Group's selling and marketing expenses amounted to RMB23.1 million (the corresponding period of 2023: RMB52.7 million), accounting for 0.3% of the revenue, representing a decrease of 0.4 percentage point as compared with that of the corresponding period of last year, which was mainly due to the adjustment of the expansion strategy to shift from scale development to quality-oriented development.

Administrative expenses

During the Period, the Group's administrative expenses amounted to RMB336.7 million, representing a decrease of 12.1% as compared with RMB383.2 million in the corresponding period of 2023, and accounting for 4.8% of the revenue, representing a decrease of 0.2 percentage point as compared with that of the corresponding period of 2023.

Net impairment losses on financial assets

During the Period, the Group's net impairment losses on financial assets amounted to RMB2,883.9 million (the corresponding period of 2023: RMB45.6 million), representing a year-on-year increase of 6,223.6%, which was mainly due to an increase in the credit risk of the Group's related party customers, and impairment provisions have been made.

Other income

During the Period, other income of the Group amounted to RMB41.7 million (the corresponding period of 2023: RMB99.8 million), representing a decrease of 58.2% as compared with that of the corresponding period of last year, which was mainly due to the change in tax credits and government grants.

Income tax

During the Period, the Group's income tax credit was RMB503.0 million (the income tax expense of the corresponding period of 2023: RMB253.6 million). The income tax rate was 24.7% (the corresponding period of 2023: 21.0%). This was mainly due to income tax credits, changes in the external macro-environment and the Group's provision of significant impairment losses and the corresponding deferred income tax.

Profit

During the Period, the Group's net loss was RMB1,532.3 million, and the net profit for the corresponding period in 2023 was RMB951.5 million, which was mainly attributable to an increase in the credit risk of the Group's related party customers and significant impairment losses made during the Period, as well as the downtrend pressure on margins of other business segments affected by the economic environment and improvement in service quality. Net profit margin was -21.8%, representing a decrease of 34.2 percentage points as compared with 12.4% in the corresponding period of 2023.

Adjusted core net profit was RMB715.9 million, representing a decrease of 28.8% as compared with RMB1,005.1 million in the corresponding period of 2023, and adjusted core net profit margin was 10.2%, representing a decrease of 2.9 percentage points as compared with 13.1% in the corresponding period of 2023. The adjusted core net profit for property management services, property owners value-added services and city services was RMB699.5 million, representing a decrease of 23.9% as compared with RMB919.1 million in the corresponding period of 2023, and the adjusted core net profit margin was 10.3%, representing a decrease of 2.6 percentage points as compared with 12.9% in the corresponding period of 2023.

Current assets, reserve and capital structure

During the Period, the Group maintained a sound financial position. As at 30 June 2024, current assets amounted to RMB13,682.8 million, representing a decrease of 17.0% from RMB16,488.0 million as at 31 December 2023. As at 30 June 2024, cash and cash equivalents of the Group amounted to RMB3,042.7 million, representing a decrease of 25.3% as compared with RMB4,074.9 million as at 31 December 2023. As at 30 June 2024, the Group's cash and cash equivalents were primarily held in Renminbi, Hong Kong dollars, United States dollars and Australian dollars.

As at 30 June 2024, the Group's total equity was RMB12,877.0 million, representing a decrease of RMB1,572.1 million or 10.9% as compared with RMB14,449.1 million as at 31 December 2023, which was primarily due to the significant impairment provision made during the period.

Property, plant and equipment

The Group's property, plant and equipment mainly comprise buildings, office equipment, machinery equipment and other fixed assets. As at 30 June 2024, the net value of the Group's property, plant and equipment amounted to RMB635.6 million, representing an increase of 0.4% as compared with RMB632.8 million as at 31 December 2023.

Other intangible assets

As at 30 June 2024, the book value of other intangible assets of the Group was RMB1,005.9 million, representing a decrease of 14.0% as compared with RMB1,170.2 million as at 31 December 2023. Intangible assets of the Group mainly included (i) RMB28.9 million from the trademark value of acquired companies; (ii) RMB1,764.0 million generated from customer relationship and backlogs attributable to acquired companies; (iii) the software developed and purchased by the Group; and (iv) partially offset by amortization of trademarks, customer relationships and software. Trademarks, customer relationship and software had a specific validity period and were carried at cost less accumulated amortization.

Goodwill

The goodwill was primarily derived from the expected future business developments of the acquired companies, expansion of market coverage, diversification of service portfolio, integration of value-added services and improvement of management efficiency. As at 30 June 2024, the Group recorded goodwill of RMB2,798.2 million.

There was no significant goodwill impairment risk during the Period.

Financial assets at fair value through profit or loss ("FVPL")

As at 30 June 2024, the Group's financial assets at FVPL amounted to RMB2,000.3 million, representing a decrease of 0.1% as compared with RMB2,003.4 million as at 31 December 2023.

Trade and other receivables and prepayments

As at 30 June 2024, trade and other receivables and prepayments (including current and noncurrent portions) amounted to RMB9,400.0 million, representing a decrease of 15.5% from RMB11,130.4 million as at 31 December 2023. Among which, trade receivables amounted to RMB8,534.3 million, representing an increase of 10.7% as compared with RMB7,707.5 million as at 31 December 2023, which was mainly due to the impact from the payment collection cycle, resulting in an increase of the balance of trade receivables. Other receivables amounted to RMB3,642.6 million, representing an increase of 8.7% from RMB3,350.1 million as at 31 December 2023, which was mainly due to the increase of receivables from third parties.

Trade and other payables

As at 30 June 2024, trade and other payables (including current and non-current portions) amounted to RMB6,344.3 million, representing a decrease of 5.1% as compared with RMB6,686.3 million as at 31 December 2023 which was mainly due to payment of amount due and cost control.

Borrowings

As at 30 June 2024, the Group had long-term borrowings of RMB243.4 million, among which RMB76.0 million will be repayable within one year. The Group also had short-term borrowings of RMB174.2 million with maturities of less than one year.

Gearing ratio

The gearing ratio is calculated as total borrowings divided by total equity, which is the sum of long-term and short-term interest-bearing bank loans and other loans as at the corresponding date divided by the total equity as at the same date. As at 30 June 2024, the gearing ratio was 3.2%.

Current and deferred income tax liabilities

As at 30 June 2024, the current income tax liabilities of the Group amounted to RMB461.1 million, representing a decrease of 20.0% as compared with RMB576.0 million as at 31 December 2023, which was mainly because of the decrease in profit. Deferred income tax liabilities decreased to RMB276.3 million from RMB313.2 million as at 31 December 2023.

Pledge of assets

As at 30 June 2024, the long-term borrowings amounting to RMB88.0 million and the short-term borrowings to RMB62.0 million were secured by certain property, plant and equipment, investment properties and trade receivables of the Group. Details of the Group's pledge of assets as at 30 June 2024 are set out in notes 9, 10 and 12 to the interim financial information contained in this announcement.

Significant investment held, material acquisitions and disposals of subsidiaries, associates and joint ventures

There was no significant investment held, no material acquisitions or disposals of subsidiaries, associates and joint ventures by the Group during the Period.

Contingent liabilities

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

Key risk factors and uncertainties

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

Industry risk

The Group's operations are subject to the economy of the PRC and changes in the macro environment of the real estate industry, as well as the regulatory environment and measures affecting the property management industry in the PRC. In particular, the Group's business performance primarily depends on the total contracted and revenue-bearing GFA, level of fees and the number of properties the Group manages, but the Group's business growth is, and will likely continue to be, subject to factors of macro development of the industry and the upstream industries.

Business risk

The Group's ability to maintain or improve the current level of profitability depends on the Group's ability to control operating costs (including labour costs), and the Group's profit margins and results of operations may be adversely affected by the increase in labour or other operating costs; should the Group be unable to procure new property management service contracts or renew existing management service contracts as planned or at desirable pace or price, the Group's revenue may also be adversely affected; should the Group be unable to collect property management fees from customers on time, it may incur impairment losses on receivables; the above may also affect the assessment and impairment risk of goodwill, the performance of operating cash flows and adversely affect the Group's financial position and results of operations.

Foreign exchange risk

The Group's businesses were principally located in the PRC. Except for bank deposits and financial assets at FVPL denominated in HK$, US$ and AUD$, the Group was not subject to any other material risk directly relating to foreign exchange fluctuations. The management will continue to monitor the foreign exchange exposure, take prudent measures and develop hedging strategy as appropriate to reduce foreign exchange risks.

Employees and remuneration policies

As at 30 June 2024, the Group had 88,524 employees (as at 31 December 2023: 96,018). During the Period, total staff costs amounted to RMB2,898.9 million.

The compensation plan of the Group is determined with reference to the market levels as well as employees' performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides employees with a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training programs appropriate to the employees' needs.

Apart from taking into account the advice from the remuneration and appraisal committee of the Board and the market levels, the Company also considers the competency, contributions and the responsibilities towards the Company in determining the level of remuneration for the Directors. Appropriate benefit schemes are in place for the Directors.

SIGNIFICANT EVENTS AFTER REPORTING PERIOD

As at the date of this announcement, the Group did not have any significant event subsequent to 30 June 2024.

INTERIM DIVIDEND

The Board proposed the distribution of an interim dividend of RMB0.03 per share (before tax) for the six months ended 30 June 2024 ("**Interim Dividend**"), and the amount of which will be subject to the approval of the Shareholders at the forthcoming extraordinary general meeting of the Company (the "**EGM**"). Interim Dividend payable to the holders of domestic shares of the Company will be paid in Renminbi, whereas Interim Dividend payable to the holders of H Shares will be declared in Renminbi and paid in Hong Kong dollars (except for the holders of H Shares who became Shareholders through the Inter-connected Mechanism for Trading on the Shanghai and Hong Kong Stock Markets and the Inter-connected Mechanism for Trading on the Shenzhen and Hong Kong Stock Markets, whose Interim Dividend will be paid in Renminbi), the exchange rate of which will be calculated based on the average exchange rate of RMB against Hong Kong dollars published by The People's Bank of China five business days prior to the EGM. Subject to the approval of the EGM, the Interim Dividend will be paid on or about Wednesday, 22 January 2025.

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) which came into effect on 1 January 2008, and was amended on 24 February 2017 and 29 December 2018, the Provision for Implementation of Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) which took effect on 1 January 2008 and was amended on 23 April 2019, and the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprise to H Shareholders which are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), which was promulgated by the State Administration of Taxation and came into effect on 6 November 2008, etc., where a PRC domestic enterprise distributes dividends for 2008 and subsequent years to H Shareholders which are overseas non-resident enterprises (Please refer to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) for the definition of non-resident enterprises.), it is required to withhold 10% enterprise income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the Interim Dividend as enterprise income tax, distribute the Interim Dividend to non-resident enterprise Shareholders whose names appear on the H Shares register of members of the Company, i.e. including but not limited to HKSCC Nominees Limited, other nominees, trustees, or holders of H Shares registered in the name of other organizations and groups. After receiving dividends, the non-resident enterprise Shareholders may apply to the relevant tax authorities for enjoying treatment of taxation treaties (arrangement) in person or by proxy or by the Company, and provide information to prove that it is an actual beneficiary under the requirements of such taxation treaties (arrangement). After the tax authorities have verified that there is no error, it shall refund tax difference between the amount of tax levied and the amount of tax payable calculated at the tax rate under the requirements of the relevant taxation treaties (arrangement).

In accordance with requirement of the Circular on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 020)(《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號))which was promulgated by the Ministry of Finance and the State Administration of Taxation and came into effect on 13 May 1994, overseas individuals are exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises. Therefore, as a foreign-invested enterprise, the Company will not withhold PRC individual income tax on behalf of overseas individual Shareholders whose names appear on the H Shares register of members of the Company when the Company distributes the dividends.

Interim Dividend for Investors of Southbound Trading

For investors (including enterprises and individuals) investing in the H Shares listed on the Hong Kong Stock Exchange through Shanghai Stock Exchange and Shenzhen Stock Exchange (collectively the "**Southbound Trading**"), the Company has entered into the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading with China Securities Depository and Clearing Corporation Limited, pursuant to which, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited or the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, as the nominees of the investors for Southbound Trading, will receive the cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of Southbound Trading through its depository and clearing system. The cash dividends of the investors of Southbound Trading will be distributed in Renminbi.

According to the provisions of the Notice on the Relevant Tax Policies Concerning the Pilot Program of an Interconnected Mechanism for Trading on the Shanghai and Hong Kong Stock Connect (Cai Shui [2014] No. 81)(《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014] 81號))and the Notice on the Relevant Tax Policies Concerning the Pilot Program of an Inter-connected Mechanism for Trading on the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127)(《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016] 127號)), the income tax implications on dividends and bonuses received by Mainland individual investors, Mainland securities investment funds and Mainland enterprise investors are as follows:

(i) for Mainland individual investors, H share companies shall withhold the individual income tax for these investors at the tax rate of 20% on dividends and bonuses received by them from investing in H Shares listed on the Hong Kong Stock Exchange via Southbound Trading;

(ii) for dividends and bonuses received by Mainland securities investment funds from investing in shares listed on the Hong Kong Stock Exchange via Southbound Trading, the individual income tax shall be levied in accordance with the above provisions; and

(iii) for dividends and bonuses received by Mainland enterprise investors from investing in shares listed on the Hong Kong Stock Exchange via Southbound Trading, the income tax on the Mainland enterprises shall not be withheld by the H share companies. The tax payable shall be declared and paid by the enterprises. For dividends and bonuses received by the Mainland resident enterprises after holding the H shares for 12 months continuously, the enterprise income tax will be exempted according to laws.

The record date and the date of distribution of cash dividends and other time arrangements for the investors of Southbound Trading will be the same as those for the holders of H Shares.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF INTERIM DIVIDEND

Upon obtaining approval of the Shareholders at the EGM, the Interim Dividend will be payable to the Shareholders whose names appear on the register of members of the Company as at the close of business on Thursday, 19 December 2024. For the purpose of determining the entitlement of holders of H Shares to the Interim Dividend, the H Share register of members of the Company will be closed from Monday, 16 December 2024 to Thursday, 19 December 2024, both days inclusive, during which period no transfer of H Shares will be registered. In order for holders of H Shares to qualify for the proposed Interim Dividend, all properly completed share transfer forms together with the relevant share certificates must be lodged with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 13 December 2024.

DESPATCH OF CIRCULAR

Pursuant to the articles of association of the Company, the proposed declaration of Interim Dividend is subject to the approval of the Shareholders at the EGM. A circular containing information in relation to the proposed declaration of Interim Dividend, together with the notice of EGM and a form of proxy, will be published on the website of the Hong Kong Stock Exchange and the website of the Company on or before 30 November 2024 as additional time is required to prepare and finalise the circular.

REVIEW OF INTERIM RESULTS

The audit committee of the Company (the "**Audit Committee**") has reviewed the financial statements of the Group for the six months ended 30 June 2024. The review included discussions with management of the accounting principles and practices adopted by the Group, internal controls and financial reporting matters, and the significant judgments made by management.

The Audit Committee comprises Mr. Wang Gonghu, Mr. Weng Guoqiang and Mr. Li Jiahe who are independent non-executive Directors.

The unaudited interim financial information have been approved and authorised for issue by the Board on 27 August 2024.

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

The Company has adopted a code for securities transactions by Directors and a code for securities transactions by supervisors of the Company (the "**Supervisors**") as its own codes of conduct governing Directors' and Supervisors' dealings in the Company's securities (the "**Securities Dealing Codes**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**").

Specific enquiry has been made to all the Directors and Supervisors and they have confirmed that they had complied with the Securities Dealing Codes during the six months ended 30 June 2024.

The Company has also established written guidelines (the "**Employees Written Guidelines**") no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the six months ended 30 June 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix C1 to the Listing Rules.

The Board reviewed the Company's corporate governance practices and is satisfied that the Company has been in full compliance with all the applicable code provisions set out in the CG Code during the six months ended 30 June 2024.

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As of 30 June 2024, the Company did not hold any of treasury shares.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE COMPANY AND THE HONG KONG STOCK EXCHANGE

This announcement is published on the respective websites of the Company at www.agileliving.com.cn and the Hong Kong Stock Exchange at www.hkex.com.hk. The interim report of the Company for the six months ended 30 June 2024 containing all the information required under the Listing Rules will be made available on the above websites in due course. Printed copies will be despatched to the Shareholders who have elected to receive printed copies.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises eight members, being Mr. Chan Cheuk Hung^ (Co-chairman), Mr. Huang Fengchao^ (Co-chairman), Mr. Li Dalong^ (President (General Manager) and Chief Executive Officer), Mr. Chen Siyang^ (Vice President), Ms. Yue Yuan^^, Mr. Wang Gonghu^^^, Mr. Weng Guoqiang^^^ and Mr. Li Jiahe^^^.

^ Executive Directors
^^ Non-executive Director
^^^ Independent Non-executive Directors

By Order of the Board
A-Living Smart City Services Co., Ltd.*
CHAN Cheuk Hung/HUANG Fengchao
Co-chairman

Hong Kong, 27 August 2024

Any discrepancy between totals and sums of individual amounts listed in any table are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

* *for identification purposes only*