Greentown Service Group Co. Ltd.
綠城服務集團有限公司
(A company incorporated under the laws of the Cayman Islands with limited liability)
(Stock Code: 2869)

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

The board (the "**Board**") of directors (the "**Directors**") of Greentown Service Group Co. Ltd. (the "**Company**") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2024 (the "**Period**"), together with the comparative figures for the same period ended 30 June 2023, as follows.

HIGHLIGHTS

The Group's financial performance:

— Revenue was RMB9,068.4 million, representing an increase of 10.6% year on year ("**y/y**") from the same period of 2023 that was RMB8,197.0 million.

— The Group's revenue arises from four business segments: (i) property services; (ii) community living services; (iii) consulting services; and (iv) technology services. During the Period: (i) property services continued to be the largest revenue and profit contributor for the Group, the revenue from which reached RMB6,018.6 million, accounting for 66.4% of the overall revenue and representing an increase of 14.6% y/y from the same period of 2023 that was RMB5,251.2 million; (ii) as for community living services, the revenue amounted to RMB1,758.3 million, accounting for 19.4% of the overall revenue and representing a y/y increase of 6.1% compared with the same period of 2023 that was RMB1,657.2 million; (iii) as for consulting services, the revenue amounted to RMB1,132.5 million, accounting for 12.5% of the overall revenue and representing an increase of 5.3% y/y from the same period of 2023 that was RMB1,075.4 million; and (iv) as for technology services, the revenue amounted to RMB158.9 million, accounting for 1.8% of the overall revenue and representing a decrease of 25.5% y/y from the same period of 2023 that was RMB213.2 million.

— Gross profit reached RMB1,744.0 million, increasing by 14.0% y/y from the same period of 2023 that was RMB1,529.7 million. Gross profit margin was 19.2%, representing an increase of 0.5 percentage point from 18.7% for the same period of 2023.

— Core operating profit# reached RMB892.6 million, representing an increase of 25.8% from RMB709.9 million for the same period of 2023.

— Profit for the Period was RMB523.1 million, representing an increase of 21.0% as compared to RMB432.4 million for the same period of 2023. Net profit margin for the Period was 5.8%, representing an increase of 0.5 percentage point from 5.3% for the same period of 2023.

— During the Period, the profit attributable to equity shareholders of the Company was RMB504.7 million, representing an increase of 21.5% as compared to RMB415.5 million for the same period of 2023.

— Basic earnings per share was RMB0.16, based on the weighted average of 3,165,086,000 ordinary shares during the Period.

— As at 30 June 2024, the Group's cash and cash equivalents amounted to RMB3,026.5 million, decreasing by 33.2% from RMB4,530.8 million as at 31 December 2023, mainly because the Group transferred part of its working capital into time deposits during the Period to improve the return on capital. As at 30 June 2024, the time deposits were RMB1,282.7 million, representing an increase of 243.5% from RMB373.4 million as at 31 December 2023.

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

Core operating profit = Gross profit – Administrative expenses – Selling and marketing expenses

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the six months ended 30 June 2024 — unaudited
(Expressed in Renminbi Yuan)

		Six months ended 30 June	
		2024	2023
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**9,068,367**	8,197,035
Cost of sales		**(7,324,392)**	(6,667,325)
Gross profit		**1,743,975**	1,529,710
Other revenue	*4*	**22,631**	45,555
Other net (loss)/income	*4*	**(39,401)**	8,624
Selling and marketing expenses		**(161,896)**	(147,071)
Administrative expenses		**(689,432)**	(672,789)
Expected credit losses on financial instruments	*5(c)*	**(145,579)**	(128,400)
Other operating expenses		**(47,655)**	(114,529)
Profit from operations		**682,643**	521,100
Finance income		**52,231**	40,657
Finance costs		**(38,567)**	(50,630)
Net finance income/(costs)	*5(a)*	**13,664**	(9,973)
Share of profits less losses of associates		**9,089**	87,620
Share of profits less losses of joint ventures		**2,101**	(1,297)
Gain on disposal of subsidiaries		**–**	707
Profit before taxation	*5*	**707,497**	598,157
Income tax	*6*	**(184,402)**	(165,773)
Profit for the period		**523,095**	432,384

	Note	Six months ended 30 June 2024 RMB'000	2023 RMB'000
Attributable to:			
Equity shareholders of the Company		**504,741**	415,450
Non-controlling interests		**18,354**	16,934
Profit for the period		**523,095**	432,384
Other comprehensive income for the period (after tax and reclassification adjustments)			
Item that will not be reclassified to profit or loss:			
Share of other comprehensive income of a joint venture		**–**	38,867
Financial investments at fair value through other comprehensive income ("**FVOCI**") — net movement in fair value reserves		**(3,396)**	(2,254)
Exchange differences on translation of financial statements of the Company and the Company's subsidiaries outside the mainland China with non-foreign operation		**5,935**	52,088
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside the mainland China with foreign operation		**1,114**	(1,353)
Total comprehensive income for the period		**526,748**	519,732
Attributable to:			
Equity shareholders of the Company		**508,254**	502,349
Non-controlling interests		**18,494**	17,383
Total comprehensive income for the period		**526,748**	519,732
Earnings per share			
Basic *(RMB)*	*7(a)*	**0.16**	0.13
Diluted *(RMB)*	*7(b)*	**0.16**	0.13

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2024 — unaudited

(Expressed in Renminbi Yuan)

	Note	At 30 June 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Non-current assets			
Investment properties		**342,828**	365,725
Property, plant and equipment	*8(a)*	**1,106,668**	1,038,845
Right-of-use assets	*8(b)*	**854,862**	934,995
Intangible assets		**552,048**	592,341
Goodwill		**632,022**	661,261
Interest in associates		**780,712**	837,436
Interest in joint ventures		**43,955**	9,430
Other financial assets		**461,805**	475,154
Deferred tax assets		**625,895**	519,073
Trade and other receivables	*9*	**–**	69,078
Prepayments		**80,407**	93,658
Time deposits		**697,744**	372,961
		6,178,946	5,969,957
Current assets			
Other financial assets		**1,106,000**	1,158,480
Inventories		**642,617**	673,789
Trade and other receivables	*9*	**6,280,086**	5,044,833
Prepayments		**233,341**	212,079
Restricted bank balances		**495,641**	491,243
Time deposits		**584,912**	452
Cash and cash equivalents		**3,026,475**	4,530,836
		12,369,072	12,111,712

	Note	At **30 June 2024** *RMB'000*	At 31 December 2023 *RMB'000*
Current liabilities			
Bank loans		**293,043**	267,406
Contract liabilities		**2,374,502**	2,095,751
Trade and other payables	*10*	**4,990,663**	4,871,605
Lease liabilities		**260,804**	287,750
Current taxation		**1,021,550**	901,996
Provisions		**133,821**	133,017
		9,074,383	8,557,525
Net current assets		**3,294,689**	3,554,187
Total assets less current liabilities		**9,473,635**	9,524,144
Non-current liabilities			
Bank loans		**25,431**	23,018
Trade and other payables	*10*	**–**	1,369
Lease liabilities		**1,073,825**	1,129,962
Deferred tax liabilities		**92,462**	97,663
Provisions		**52,770**	46,928
		1,244,488	1,298,940
Net assets		**8,229,147**	8,225,204
Capital and reserves			
Share capital	*11*	**27**	27
Reserves		**7,426,749**	7,405,508
Total equity attributable to equity shareholders of the Company		**7,426,776**	7,405,535
Non-controlling interests		**802,371**	819,669
Total equity		**8,229,147**	8,225,204

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 June 2024 — unaudited
(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Operating activities		
Cash (used in)/generated from operations	**(176,513)**	52,020
Income tax paid	**(183,884)**	(195,238)
Net cash used in operating activities	**(360,397)**	(143,218)
Investing activities		
Payments for the purchase of investment properties, property, plant and equipment, right-of-use assets and intangible assets	**(170,691)**	(179,987)
Proceeds from disposal of property, plant and equipment	**3,033**	911
Acquisitions of subsidiaries, net of cash acquired	**–**	(1,200)
Disposals of subsidiaries, net of cash disposed	**(72,589)**	33
Payments for purchase of:		
— financial assets classified as fair value through profit or loss ("**FVPL**")	**(86,000)**	(650,037)
— time deposits	**(1,164,736)**	(193,000)
Proceeds from redemption of:		
— financial assets classified as FVPL	**89,231**	684,783
— listed debt investments	**–**	4,224
— time deposits	**266,575**	–
Payment for investment in associates and joint ventures	**(2,576)**	(5,636)
Interest received	**41,114**	37,115
Dividends received from associate	**52,717**	3,350
Investment income received from other financial assets	**37,804**	7,533
Payments for loans and advances	**(3,528)**	(89,290)
Proceeds from repayment of loans and advances	**40,000**	224,832
Net cash used in investing activities	**(969,646)**	(156,369)

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Financing activities		
Proceeds from new bank loans and other borrowings	**768,717**	280,838
Repayment of bank loans	**(735,488)**	(336,890)
Capital injection from non-controlling interests	**9,509**	10,385
Capital element of lease rentals paid	**(96,901)**	(101,705)
Interest element of lease rentals paid	**(34,939)**	(34,268)
Proceeds from partial disposal of equity interests in subsidiaries	**–**	450
Payment for acquisition of non-controlling interests	**(3,568)**	–
Payment on repurchase of shares	**(62,251)**	–
Dividends paid to non-controlling interests	**(16,712)**	(365)
Interest paid	**(12,338)**	(14,628)
Net cash used in financing activities	**(183,971)**	(196,183)
Net decrease in cash and cash equivalents	**(1,514,014)**	(495,770)
Cash and cash equivalents at 1 January	**4,530,836**	4,183,381
Effect of foreign exchange rate changes	**9,653**	7,270
Cash and cash equivalents at 30 June	**3,026,475**	3,694,881

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PREPARATION

Greentown Service Group Co. Ltd. (the "**Company**") was incorporated in the Cayman Islands on 24 November 2014 as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands. The Company's shares were listed on the Main Board on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 July 2016 (the "**Listing**").

The interim financial report of the Company as at and for the six months ended 30 June 2024 comprises the Company and its subsidiaries (together referred to as the "**Group**"). The 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 Hong Kong Accounting Standard ("**HKAS**") 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It was authorised for issue on 23 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual 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 HKAS 34 requires management to make judgments, 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 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the HKICPA.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants*
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows and HKFRS 7, Financial instruments: Disclosures — Supplier finance arrangements*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are provision of property services, community living services, consulting services and technology services.

Disaggregation of revenue by major service lines is as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major service lines		
Property services	**6,018,592**	5,251,206
Community living services	**1,728,927**	1,633,941
Consulting services	**1,132,540**	1,075,360
Technology services	**158,944**	213,239
	9,039,003	8,173,746
Revenue from other sources		
Gross rentals from investment properties — Community living services	**29,364**	23,289
	9,068,367	8,197,035

Disaggregation of revenue from contracts with customers within the scope of HKFRS 15 by timing of revenue recognition are as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Revenue recognised over time:		
Property services		
Property services	**6,018,592**	5,251,206
Community living services		
Home living services	**266,558**	220,112
Community space services	**153,067**	144,218
Property asset management services	**77,347**	37,522
Cultural & education services	**366,207**	335,788
	863,179	737,640
Consulting services		
Property under construction services	**996,531**	946,940
Management consulting services	**136,009**	128,420
	1,132,540	1,075,360
Technology services		
Technology services	**147,129**	204,533
	8,161,440	7,268,739
Revenue recognised at point in time:		
Community living services		
Community products and services	**643,415**	577,642
Property asset management services	**222,333**	318,659
	865,748	896,301
Technology services		
Technology services	**11,815**	8,706
	9,039,003	8,173,746

Disaggregation of revenue from contracts with customers by geographical location is disclosed in note 3(b)(i).

No revenue from transaction with single external customer is amounted around 10% or more of the Group's revenue for each of the periods presented.

(b) Segment reporting

The Group manages its businesses by geographical location. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following seven reportable segments.

- Region 1: Hangzhou (include Yuhang)
- Region 2: Yangtze River Delta Region (include Ningbo)
- Region 3: Pearl River Delta Region
- Region 4: Bohai Economic Rim Region
- Region 5: Australia
- Region 6: Other overseas and Hong Kong Regions
- Region 7: Other Mainland China Regions

(i) Information about profit or loss, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Six months ended 30 June 2024									
	Hangzhou		Yangtze River Delta Region							
	Hangzhou (exclude Yuhang)	Yuhang Region	Yangtze River Delta Region (exclude Ningbo)	Ningbo Region	Pearl River Delta Region	Bohai Economic Rim Region	Australia	Other overseas and Hong Kong Regions	Other Mainland China Regions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	2,674,552	331,487	2,587,492	565,006	608,921	1,050,512	315,476	707	934,214	9,068,367
Inter-segment revenue	110,320	58,336	19,635	229	10,561	11,845	–	–	23,646	234,572
Reportable segment revenue	2,784,872	389,823	2,607,127	565,235	619,482	1,062,357	315,476	707	957,860	9,302,939
Reportable segment profit	113,259	33,882	280,336	66,103	79,943	9,502	9,773	(35,530)	150,229	707,497
As at 30 June 2024										
Reportable segment assets	34,230,355	644,671	6,799,615	1,659,512	1,332,811	2,002,705	1,504,753	2,875,422	2,143,325	53,193,169
As at 30 June 2024										
Reportable segment liabilities	32,480,148	682,976	4,650,960	1,244,724	804,128	1,328,370	1,387,139	532,594	1,277,632	44,388,671

	Six months ended 30 June 2023									
	Hangzhou		Yangtze River Delta Region							
	Hangzhou (exclude Yuhang) *RMB'000*	Yuhang Region *RMB'000*	Yangtze River Region (exclude Ningbo) *RMB'000*	Ningbo Region *RMB'000*	Pearl River Delta Region *RMB'000*	Bohai Economic Rim Region *RMB'000*	Australia *RMB'000*	Other overseas and Hong Kong Regions *RMB'000*	Other Mainland China Regions *RMB'000*	Total *RMB'000*
Revenue from external customers	2,524,780	312,572	2,247,724	514,552	481,066	970,067	277,374	3,807	865,093	8,197,035
Inter-segment revenue	102,551	11,877	29,687	3,193	6,042	1,192	–	–	22,668	177,210
Reportable segment revenue	2,627,331	324,449	2,277,411	517,745	487,108	971,259	277,374	3,807	887,761	8,374,245
Reportable segment profit	124,021	14,219	263,504	69,652	37,872	20,398	5,616	(29,513)	92,388	598,157
As at 31 December 2023										
Reportable segment assets	38,994,478	822,614	9,384,271	2,327,188	1,765,939	2,969,030	1,486,204	2,947,661	2,840,432	63,537,817
As at 31 December 2023										
Reportable segment liabilities	37,525,472	804,718	7,416,410	1,952,366	1,310,171	2,266,868	1,379,963	98,805	2,078,273	54,843,046

(ii) Reconciliation of reportable segment profit or loss

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Reportable segment profits	**707,497**	598,157
Elimination of inter-segment profits	**–**	–
Reportable segment profit derived from the Group's external customers	**707,497**	598,157
Consolidated profit before taxation	**707,497**	598,157

4 OTHER REVENUE AND OTHER NET (LOSS)/INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Other revenue		
Government grants *(note (i))*	**16,503**	22,740
Value-added tax deductible *(note (ii))*	**–**	13,106
Others	**6,128**	9,709
	22,631	45,555

(i) Government grants mainly represent unconditional discretionary financial support from local municipal government authorities.

(ii) Value-added tax deductible mainly included additional deduction of input value-added tax applicable to certain subsidiaries of the Group.

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Other net (loss)/income		
Net (loss)/gains on sale of property, plant and equipment	**(445)**	1,004
Net realised and unrealised (losses)/gains on FVPL		
— Convertible bonds	**(34,996)**	(2,349)
— Listed equity securities	**11,483**	21,995
— Unlisted equity investments	**(28,233)**	(25,851)
— Fund	**–**	(18,867)
— Project investment	**25,216**	30,250
— Treasury products	**401**	7,612
Net loss on debt restructuring	**–**	(1,325)
Net foreign exchange losses	**(12,827)**	(3,845)
	(39,401)	8,624

5 PROFIT BEFORE TAXATION

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

(a) Net finance (income)/costs

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Interest income on financial assets measured at amortised cost	**(52,231)**	(40,657)
Interest expense on bank loans	**12,464**	14,628
Interest expense on lease liabilities	**36,473**	39,067
Less: interest expense capitalised into assets under construction	**(10,370)**	(3,065)
Net finance (income)/costs	**(13,664)**	9,973

(b) Staff costs

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Salaries and other benefits	**2,652,302**	2,411,423
Equity settled share-based payment expenses	**10,641**	22,350
Contributions to defined contribution scheme *(note (i))*	**418,558**	344,245
	3,081,501	2,778,018

(i) Employees of the Group's PRC subsidiaries are required to participate in a defined contribution scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the annual contributions described above.

(c) Other items

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Expected credit losses on financial instruments		
— trade receivables	**120,264**	115,446
— other receivables	**23,980**	451
— listed debt investments*	**1,335**	12,503
Impairment losses		
— investment property	**–**	11,709
— goodwill	**9,850**	–
— interest in an associate	**21,873**	–
	177,302	140,109
Depreciation		
— property, plant and equipment	**73,909**	96,295
— right-of-use assets	**102,275**	112,448
— investment properties	**25,780**	30,987
Amortisation of intangible assets	**25,709**	24,235
Expense relating to short-term leases and other leases	**48,450**	87,831
Cost of inventories	**367,528**	499,776
Outsourcing labor costs	**2,646,008**	2,547,123

* Comparative figure of 2023 previously included in other operating expenses.

6 INCOME TAX

Taxation in profit or loss represents:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Current tax — PRC corporate income tax		
Provision for the period	**305,756**	211,658
Under-provision in respect of prior years	**5,479**	2,076
	311,235	213,734
Current tax — Overseas corporate income tax		
Provision for the period	**4,171**	5,725
Deferred taxation		
Origination and reversal of temporary differences	**(131,004)**	(53,686)
	184,402	165,773

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands and BVI.

The income tax rate applicable to group entities incorporated in Hong Kong for the income subject to Hong Kong Profits Tax is 16.5%. No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the six months ended 30 June 2024 and 2023.

The income tax rate applicable to group entities incorporated in Australia for the income subject to Income Tax Assessment Act 1997 during the reporting period is 30%.

(ii) PRC Corporate Income Tax

The Group's PRC subsidiaries are subject to PRC income tax at 25% unless otherwise specified.

— For the six months ended 30 June 2024 and the year ended 31 December 2023, the Group's certain subsidiaries fulfilled the criteria required for preferential income tax rate granted to small and low profit-making enterprised in the PRC, and were entitled to a preferential income tax rate of 5% on taxable income within RMB3,000,000.

— Pursuant to Chapter 28 of the Law of the People's Republic of China on Enterprise Income Tax, enterprises are entitled to a preferential income tax rate of 15% after the recognition of high and new technology enterprise. Certain subsidiaries of the Group in the PRC which are subject to a preferential income tax rate of 15% during the period.

(iii) Under the PRC Corporate Income Tax Law and its relevant regulations, additional tax deduction is allowed for qualified research and development costs.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB504,741,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB415,450,000) and the weighted average number of 3,165,086,000 ordinary shares (six months ended 30 June 2023: 3,232,380,000 ordinary shares) in issue during the period, calculated as follows:

Weighted average number of ordinary shares

	2024	2023
	'000	*'000*
Issued ordinary shares at 1 January	**3,188,036**	3,232,380
Effect of share repurchased	**(22,950)**	–
Weighted average number of ordinary shares at 30 June	**3,165,086**	3,232,380

(b) Diluted earnings per share

The Company issued potentially dilutive instrument such as equity settled share-based transaction in previous years. However, the Company did not include this instrument in its calculation of diluted earnings per share during the six months ended 30 June 2024, because the effect of such inclusion would be anti-dilutive. Therefore, diluted earnings per share are the same as the basic earnings per share for the six months ended 30 June 2024.

8 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

(a) Acquisitions and disposals of owned assets

During the six months ended 30 June 2024, the Group acquired items of building, office equipment and furniture, motor vehicles, leasehold improvement and construction in progress at cost of RMB155,808,000 (six months ended 30 June 2023: RMB153,050,000). No items of office equipment and furniture, leasehold improvement were acquired by the Group through acquisition of subsidiaries (six months ended 30 June 2023: Nil).

Items of office equipment and furniture and motor vehicles with a net book value of RMB2,650,000 were disposed of during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB1,849,000), resulting in a loss on disposal of RMB445,000.

(b) Right-of-use assets

During the six months ended 30 June 2024, the Group entered into a number of lease agreements for use of office spaces, teaching buildings, service apartments, carparks and retail stores, and therefore recognised the additions to right-of-use assets of RMB56,960,000 (six months ended 30 June 2023: RMB110,598,000).

9 TRADE AND OTHER RECEIVABLES

	At 30 June 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Trade receivables *(i)*	**5,965,331**	4,654,489
Less: Allowance for impairment of trade receivables	**(485,130)**	(389,695)
Trade receivables, net of loss allowance	**5,480,201**	4,264,794
Payments on behalf of property owners	**316,600**	319,187
Deposits	**311,119**	325,640
Loan receivables	**165,018**	204,286
Advances to staff	**61,836**	53,934
Receivable from disposal of subsidiaries	**58,743**	38,359
Dividends receivables	**3,642**	–
Others	**40,317**	41,243
	957,275	982,649
Less: Loss allowance of other receivables	**(157,390)**	(133,532)
Total other receivables, net of loss allowance	**799,885**	849,117
Less: Other receivables due after one year, net of loss allowance	**–**	(69,078)
	6,280,086	5,044,833

Trade receivables are primarily related to revenue recognised from the provision of property services, community living services, consulting services and technology services.

(i) Included in the balance of trade receivables, there is a sum of cash-in-transit of RMB40,858,000 which has been settled subsequently in the bank of the Group (31 December 2023: RMB143,546,000).

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables based on the date of revenue recognition and net of allowance for impairment of trade receivables, is as follows:

	At 30 June 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Within 1 year	**3,761,433**	2,734,183
1 to 2 years	**1,005,017**	1,041,867
2 to 3 years	**554,971**	427,564
3 to 4 years	**149,384**	55,581
4 to 5 years	**3,954**	5,599
Over 5 years	**5,442**	–
	5,480,201	4,264,794

10 TRADE AND OTHER PAYABLES

	At 30 June 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Trade payables	**1,657,183**	2,004,758
— billed trade payables	**1,376,371**	1,825,281
— accrued trade payables	**280,812**	179,477
Bills payable	**145,792**	81,097
Trade payables	**1,802,975**	2,085,855
— third parties	**1,781,474**	2,054,709
— related parties	**21,501**	31,146
Less: trade payables due after one year	**–**	(1,369)
Trade and bills payables (current)	**1,802,975**	2,084,486
Refundable deposits	**586,531**	589,032
Escrow funds held on behalf of customers	**26,752**	64,112
Cash collected on behalf of the owners' associations	**377,264**	320,383
Temporary receipts	**506,795**	470,053
Amounts due to related parties	**77,136**	102,326
Loan from a third party	**25,153**	23,027
Dividends payable to equity shareholders	**437,597**	–
Other payables	**281,195**	259,028
Financial liabilities measured at amortised cost	**4,121,398**	3,912,447
Accrued payroll and other benefits	**410,050**	553,010
Other tax and charges payable	**459,215**	406,148
	4,990,663	4,871,605

As of the end of each reporting period, the ageing analysis of billed trade payables, based on invoice date is as follows:

	At 30 June 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Within 1 month	**1,030,613**	1,363,728
After 1 month but within 3 months	**144,961**	149,035
After 3 months but within one year	**200,797**	207,908
After one year	**–**	104,610
	1,376,371	1,825,281

11 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

(i) Issued share capital

	Six months ended 30 June 2024		Year ended 31 December 2023	
	No. of shares ('000)	***RMB'000***	*No. of shares ('000)*	*RMB'000*
Ordinary shares, issued and fully paid:				
At 1 January	**3,194,114**	**27**	3,232,380	28
Cancellation of shares *(note (ii))*	**(30,468)**	*****	(38,266)	(1)
At 30 June/31 December	**3,163,646**	**27**	3,194,114	27

* Amount less than RMB1,000.

(ii) Repurchase and cancellation of shares

During the six months ended 30 June 2024, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month/Year	**Number of shares repurchased** *'000*	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate price paid** *'000*
January 2024	24,390	HKD2.94	HKD2.62	62,251

The total amount paid on the repurchased shares of RMB62,251,000 was paid wholly out of share premium.

30,468,000 shares of the repurchased shares have been cancelled on 27 May 2024. All of repurchased shares have been cancelled as at 30 June 2024.

(b) Dividends

Dividends payable to equity shareholders of the Company attributable to the previous financial year and approved during the interim period:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved during the six months ended 30 June 2024 and 2023	**434,185**	288,739

The dividends approved during the six months ended 30 June 2024 and 2023 were paid 11 July 2024 and 12 July 2023 respectively.

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

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board, I hereby report the results of the Group for the six months ended 30 June 2024.

Since the beginning of 2024, the property industry has backtracked to its initial realm. We have seen the industry's return to its origin which is more rational and in line with our common sense, performing its basic functions for satisfying inherent demand and value creation. Recently, the government has issued important documents to re-emphasize the development direction of "Property Services + Living Services". The industry has ushered in the best era, emphasizing the survival of the fittest, people-oriented civilization, and technological efficiency.

Through years of planning and operations, the Group has accumulated adequate reserves, which is the robust driving force for its future performance growth. We have close relations with high-net-worth customers in first- and second-tier cities and thus has laid a solid foundation for our living services transformation which, due to its sustainability and strong consumption nature, could further enhance the development of the Group.

While we have had a clear strategy and a promising development path, we still need to transform our services from homogenization to differentiation, to shift our management from bureaucracy to flat structure, and to transform our operations from extensive to intensive, so as to cater for the residents' demand shifting from scale to high quality. As regards performance, efficiency and effectiveness, we have carried out some effective attempts in the past six months, and in return, we have owned some new definitions for ourselves.

"We are an efficient and people-oriented enterprise"

The lifeblood of the Company lies in organizational effectiveness. We are efficiency-oriented, deeply promoting the integration of business and finance, and optimizing business cost control. Our procurement management has been comprehensively strengthened, ensuring 100% coverage of centralized service procurement of Four Cores. Our system processes have been optimized in a centralized way to reduce the number of processes and improve process efficiency, resulting in a y/y decrease in management expense ratio by 0.6 percentage point.

Employees are the solid foundation of the Company. We adhere to the people-oriented principle. As our talent standards for entry have been raised, we continued to promote the qualifications of employees in key positions with full-time specialized education and above. We also empowered our employees to obtain higher-level skills through training, such as the Huangpu New Sharp plan to focus on those with great potential, the Touyan project to strengthen the "waist", the Linhang plan to grasp the "head", so as to realize echelon construction. We carried out initiatives including the Tianzi Project, the Star Dormitory, and the Labour Day Talks for more attention on the employees' physical and mental health, which have promoted both stability and satisfaction rates for employees.

"We are a robust and independent enterprise"

The Company's operation lies in healthiness and sustainability. We have taken expectations as the guide and fully implemented budget management, and the comprehensive collection rate has increased against the trend. We have strictly implemented the policy of "revenue-determined expenditure", focusing on the reduction of core costs and minimizing losses of major loss-making projects. We have adhered to the principle that "cash is king". By categorizing our customers as the types of C/B/G and in different levels, we have followed up and collected the receivables based on invoice aging and responsible entity. As a result, the growth rate of our core operating profit has been higher than our revenue growth rate.

The Company's development lies in its independence and professionalism. We prioritize content, high-quality customers, and a clear collaborative model. The revenue of new contracts entered with customers, who have equity interests in cooperation or strategic partnership, amounted to 63.1%. Residential buildings, commercial offices and urban service products are taking shape, such as the headquarters of Cainiao Cloud Valley in Hangzhou, the headquarters of Wuliangye in Chengdu, the G60 Songjiang-Anhui Science and Technology Innovation Industrial Park in Shanghai, Westlake University in Hangzhou, Jinhua Municipal Central Hospital, etc., with the characteristic matrix continuously expanding. As we have focused on scale and management, the implementation of our oasis, full-scale and key city strategies have played synergy effects. We have built up a total of 88 city oases, and obtained an aggregate annual revenue of approximately RMB1.57 billion from our new contracts.

“We are a foundation-focused and innovative enterprise”

The core of the Company lies in its reputation for quality. We are customer-oriented. We built our service capabilities, carried out in-depth special action relays, arranged high performers to help low performers and strictly intervened in the bottom 100 projects to enhance service uniformity. We also refined operational models and the butler grids, measured cleanliness and greenery by Kinpan method, implemented the Golden Shield plan for security and reformed engineering site models to improve response timeliness. Meanwhile, we enhanced interaction with property owners through channels such as property owner representative meeting and project manager reception days to publicize service cards, allowing the Company to hear the true voice of clients and achieve an increase in overall customer satisfaction by 1.0 percentage point.

The Company’s advantage lies in life scene services. Assisted by the Four Happiness, we focused our services on core products, strengthened channel construction to continuously return to community and kept improving our organization, team and mechanism, so as to achieve rapid growth of internal market share and continuous increase in the reputation among property owners.

FUTURE OUTLOOK

In 2024, the external environment remains tremendously challenging, the transition of the economy is still tumbling at the bottom of the cycle. However, once the correct positioning is found, we will be able to move forward steadily without fear of storms. In the second half of the year, we will continue to promote high-quality development and further establish the Group’s unique label of high safety margin, high growth resilience, and high Shareholder(s) returns with comprehensive deepening of reforms as the main line, with overall coordination power of top-level design and the competitiveness of operating units as the core capabilities to improve and with operational quality and development quality as a driver for efficiency improvement.

The Group has a natural and consistent service gene, which has effectively inherited the momentum from the previous stage of development and could accurately find new energy for the next phase. We firmly believe that beyond the hills, we will see the vast sea and the sky.

YANG Zhangfa
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a leading happy living service provider nationwide. The main business scope covers property services, community living services, consulting services and technology services. The Group always adheres to the concept of "Service Makes Life Better", and the strategic goal of the Group is to become the most valuable and happy living service provider in China. The Group adheres to the customer-oriented and quality-oriented service strategy, the development strategy on human-oriented technological synergy, the business strategy of improving the lean operation efficiency, and the original intention of service and service innovation. The Group will complete the same goal with employees, grow together with the property owners, and make progress with the society.

FINANCIAL REVIEW

During the Period, the Group achieved the following:

Revenue

Revenue was RMB9,068.4 million, representing an increase of 10.6% y/y from the same period of 2023 that was RMB8,197.0 million.

The Group's revenue arises from four business segments: (i) property services; (ii) community living services; (iii) consulting services; and (iv) technology services. During the Period: (i) property services continued to be the largest revenue and profit contributor for the Group, the revenue from which reached RMB6,018.6 million, accounting for 66.4% of the overall revenue and representing an increase of 14.6% y/y from the same period of 2023 that was RMB5,251.2 million; (ii) as for community living services, the revenue amounted to RMB1,758.3 million, accounting for 19.4% of the overall revenue and representing a y/y increase of 6.1% compared with the same period of 2023 that was RMB1,657.2 million; (iii) as for consulting services, the revenue amounted to RMB1,132.5 million, accounting for 12.5% of the overall revenue and representing an increase of 5.3% y/y from the same period of 2023 that was RMB1,075.4 million; and (iv) as for technology services, the revenue amounted to RMB158.9 million, accounting for 1.8% of the overall revenue and representing a decrease of 25.5% y/y from the same period of 2023 that was RMB213.2 million.

	Six months ended 30 June				
	2024		2023		
	RMB'000	***% of the total revenue***	*RMB'000*	*% of the total revenue*	*Y/Y %*
Property services					
Property services	**6,018,592**	**66.4%**	5,251,206	64.1%	14.6%
	6,018,592	**66.4%**	5,251,206	64.1%	14.6%
Community living services					
Community products and services	**643,416**	**7.1%**	577,641	7.0%	11.4%
Home living services	**266,558**	**2.9%**	220,112	2.7%	21.1%
Community space services	**153,067**	**1.7%**	144,218	1.8%	6.1%
Property asset management services	**329,044**	**3.6%**	379,471	4.6%	-13.3%
Cultural and education services	**366,206**	**4.0%**	335,788	4.1%	9.1%
	1,758,291	**19.4%**	1,657,230	20.2%	6.1%
Consulting services					
Property under construction services	**996,531**	**11.0%**	946,940	11.6%	5.2%
Management consulting services	**136,009**	**1.5%**	128,420	1.5%	5.9%
	1,132,540	**12.5%**	1,075,360	13.1%	5.3%
Technology services					
Technology services	**158,944**	**1.8%**	213,239	2.6%	–25.5%
	158,944	**1.8%**	213,239	2.6%	-25.5%
	9,068,367	**100.0%**	8,197,035	100.0%	10.6%

Cost of sales

During the Period, the cost of sales amounted to RMB7,324.4 million, representing an increase of 9.9% from the same period of 2023 that was RMB6,667.3 million, which was slightly lower than the revenue growth.

Gross profit

Gross profit reached RMB1,744.0 million, increasing by 14.0% y/y from the same period of 2023 that was RMB1,529.7 million. Gross profit margin was 19.2%, representing an increase of 0.5 percentage point from 18.7% for the same period of 2023, which was mainly due to the fact that the Group continued to strengthen the cost control through a series of measures to improve quality and efficiency.

— Gross profit margin for property services was 14.9%, representing an increase of 1.1 percentage points as compared to 13.8% for the same period of 2023;

— Gross profit margin for community living services was 23.9%, representing a decrease of 0.4 percentage point as compared to 24.3% for the same period of 2023;

— Gross profit margin for consulting services was 32.1%, which increased by 2.0 percentage points from 30.1% for the same period of 2023; and

— Gross profit margin for technology services was 38.7%, representing an increase of 2.1 percentage points as compared to 36.6% for the same period of 2023.

Selling and marketing expenses

Selling and marketing expenses amounted to RMB161.9 million, representing an increase of 10.1% as compared to RMB147.1 million for the same period of 2023. This was mainly due to the increase in costs associated with the related business of community living services and property services.

Administrative expenses

Administrative expenses were RMB689.4 million, representing an increase of 2.5% from RMB672.8 million for the same period of 2023. The administrative expense ratio was 7.6%, representing a decrease of 0.6 percentage point compared to 8.2% for the same period in 2023. This was mainly because the Group continued to strengthen organizational streamlining and the control of administrative logistics costs, and administrative expenses were effectively controlled.

Core operating profit

Core operating profit was RMB892.6 million, representing an increase of 25.8% compared with RMB709.9 million for the same period of 2023, which was mainly due to the Group's effective cost control measures that have brought about continuous improvement in the profitability of the principal operating business.

Expected credit losses on trade and other receivables

The expected credit losses on trade and other receivables increased by 24.4% to RMB144.2 million for the Period from RMB115.9 million for the same period of 2023, primarily because of the synchronous increase in impairment provisions caused by the increase in the balance of accounts receivables.

Net finance (income)/costs

During the Period, net finance income of the Group was RMB13.7 million, decreasing by RMB23.7 million from net finance costs of RMB10.0 million for the same period of 2023.

	Six months ended 30 June		
	2024	2023	
	RMB'000	*RMB'000*	*Y/Y%*
Interest income on financial assets measured at amortised cost	**(52,231)**	(40,657)	28.5%
Interest expense on bank loans	**12,464**	14,628	–14.8%
Interest expense on lease liabilities	**36,473**	39,067	–6.6%
Less: interest expense capitalised into assets under construction	**(10,370)**	(3,065)	238.3%
Net finance (income)/costs	**(13,664)**	9,973	–237.0%

Share of profits/losses of associates and joint ventures

During the Period, the share of profits of associates amounted to RMB9.1 million, representing a decrease of RMB78.5 million compared to RMB87.6 million for the same period of 2023, which was mainly attributable to the profitability of an associate of the Group for the same period of 2023, and there was no such impact during the Period.

During the Period, the share of profits of joint ventures amounted to RMB2.1 million, representing an increase of RMB3.4 million compared to the share of losses of joint ventures in the amount of RMB1.3 million for the same period of 2023.

Profit before taxation

During the Period, profit before taxation reached RMB707.5 million, representing an increase of RMB109.3 million from RMB598.2 million for the same period of 2023, or representing a 18.3% y/y increase, which was mainly due to the increase in profit brought by the expansion of the Group's operation scale and the improvement of operation and management efficiency.

Income tax

During the Period, income tax amounted to RMB184.4 million, representing a 11.2% y/y increase compared to RMB165.8 million for the same period of 2023. The effective tax rate was 26.1%, representing a decrease of 1.7 percentage points from 27.7% for the same period of 2023. The applicable tax rates of income tax are set out in note 6 to the consolidated financial statements on pages 16 to 17 of this announcement.

Profit for the Period

Profit for the Period was RMB523.1 million, representing an increase of 21.0% as compared to RMB432.4 million for the same period of 2023.

During the Period, the profit attributable to equity shareholders of the Company was RMB504.7 million, representing an increase of 21.5% as compared to RMB415.5 million for the same period of 2023. It was mainly due to the increase in profit brought by the expansion of the Group's operation scale and the improvement of operation and management efficiency.

Net profit margin for the Period was 5.8%, representing an increase of 0.5 percentage point from 5.3% for the same period of 2023.

Investment property, property, plant and equipment and right-of-use assets

As at 30 June 2024, the net book value of investment property, property, plant and equipment and right-of-use assets amounted to RMB2,304.4 million, representing a decrease of 1.5% as compared to RMB2,339.6 million as at 31 December 2023.

Intangible assets

As at 30 June 2024, the intangible assets reached RMB552.0 million, representing a decrease of 6.8% from RMB592.3 million as at 31 December 2023.

Trade and other receivables

As at 30 June 2024, trade and other receivables reached RMB6,280.1 million, representing a 22.8% y/y increase from RMB5,113.9 million as at 31 December 2023, which was mainly due to the growth of business scale resulting in an increase in the balance of accounts receivables, and we also further strengthened the assessment and control of repayment during the Period.

Trade and other payables

As at 30 June 2024, trade and other payables reached RMB4,990.7 million, representing an increase of 2.4% from RMB4,873.0 million as at 31 December 2023. This was mainly due to the expansion of procurement volume resulting from the growth of business scale.

Lease liabilities

As at 30 June 2024, lease liabilities due within one year, which were included in current liabilities, were RMB260.8 million, while lease liabilities due after one year, which were included in non-current liabilities, were RMB1,073.8 million. The total lease liabilities decreased to RMB1,334.6 million as at 30 June 2024, representing a decrease of 5.9% as compared to RMB1,417.7 million as at 31 December 2023.

Liquidity, reserves and capital structure

The Group maintained a good financial condition during the Period. The current assets as at 30 June 2024 were RMB12,369.1 million, increasing by 2.1% compared to RMB12,111.7 million as at 31 December 2023. As at 30 June 2024, the Group's cash and cash equivalents amounted to RMB3,026.5 million, decreasing by 33.2% from RMB4,530.8 million as at 31 December 2023, mainly because the Group transferred part of its working capital into time deposits during the Period to improve the return on capital. As at 30 June 2024, the time deposits were RMB1,282.7 million, representing an increase of 243.5% from RMB373.4 million as at 31 December 2023.

As at 30 June 2024, long-term loans amounted to RMB25.4 million, which were mainly borrowed by certain domestic subsidiaries of the Group from a bank for the day-to-day operational needs. The interest rate of the bank loan ranges from 4.35% to 5.20%. As at 30 June 2024, such subsidiaries did not violate the financing covenants.

As at 30 June 2024, the short-term loans amounted to RMB293.0 million, which were mainly due to Montessori Academy Group Holding Pty Ltd. ("**MAG**"), a non-wholly owned subsidiary of the Group, borrowed AUD54.5 million (equivalent to approximately RMB259.7 million) from a bank for the day-to-day operational needs. The bank loans bear an interest rate ranging from 7.41%–7.78% (31 December 2023: 4.18% to 7.53%). The loans will be repayable in June 2025. Such loans are subject to fulfilment of certain financial covenants. If MAG was to breach the covenants, the drawn down facility would become payable on demand. MAG regularly monitors its compliance with these covenants. As at 30 June 2024, none of the covenants relating to drawn down facility had been breached.

As at 30 June 2024, the gearing ratio (total liabilities/total assets) of the Group was 55.6%, representing an increase of 1.1 percentage points compared to 54.5% as at 31 December 2023.

Property services — 66.4% of total revenue, 51.5% of total gross profit

Property services remain as the Group's largest revenue and gross profit contributor. The Group has been mainly adopting the overall rationing system for service charging. Based on our management experience and cost control capability over the past 20 years, property services continuously provide us with stable revenue and profit, as well as good reputation, and are the cornerstone of the Group's implementation of its living services strategy. We will continue to strengthen our core fundamental services of "Security", "Maintenance", "Environmental" and "Greening" , while effectively integrating the service contents of the Group's various product lines and empowering them with technology to drive the orderly and steady growth of this business segment. During the Period:

— Revenue reached RMB6,018.6 million, representing an increase of 14.6% from the same period of 2023 that was RMB5,251.2 million. This was mainly due to the revenue growth brought by the stable increase of managed gross floor area ("**GFA**").

— Gross profit reached RMB898.1 million, representing an increase of 23.8% from the same period of 2023 that was RMB725.5 million.

— The managed GFA was 481.7 million sq.m., representing an increase of 16.2% or a net increase of 67.2 million sq.m., from the same period of 2023 that was 414.5 million sq.m.. During the Period, the service industry continued to be extended, residential housing, commercial enterprises and urban services developed in multiple types, and the structure of the service industry was continuously optimized. At the same time, we paid more attention to core cities and continued to enhance our capabilities to find new customers and explore more opportunities to further co-operate with our existing major customers and strengthen the industry linkage and expansion, thereby promoting the continuous and steady increase in the managed GFA.

— Reserved GFA, a major source of managed GFA, reached 357.8 million sq.m. as at 30 June 2024, representing a decrease of 5.7%, or a net decrease of 21.5 million sq.m. compared with 379.3 million sq.m. for the same period in 2023, which was mainly due to the delivery of reserved GFA and our initiative to withdraw from some non-core cities and reserve projects with delivery risks. Nevertheless, our reserved GFA was still very abundant and will continue to provide a solid foundation for the Group's future growth.

— Managed projects reached 3,356, covering 31 provinces, municipalities and autonomous regions and 203 cities in the nation.

— As at 30 June 2024, our managed GFA and revenue by region were distributed as follows:

	Six months ended 30 June			
	2024		2023	
	% of managed GFA	**% of total revenue**	% of managed GFA	% of total revenue
Greater Hangzhou	**17.2%**	**33.2%**	16.3%	34.6%
— Hangzhou	**12.9%**	**29.5%**	11.9%	30.8%
— Yuhang	**4.3%**	**3.7%**	4.4%	3.8%
Ningbo	**7.0%**	**6.2%**	7.1%	6.3%
Yangtze River Delta Region	**35.4%**	**28.5%**	35.7%	27.4%
Bohai Economic Rim Region	**15.7%**	**11.6%**	15.7%	11.8%
Pearl River Delta Region	**8.4%**	**6.7%**	8.4%	5.9%
Others	**16.3%**	**13.8%**	16.7%	14.0%
	100.0%	**100.0%**	100.0%	100.0%

Community living services — 19.4% of total revenue, 24.1% of total gross profit

Community living services offer systematic product and service solutions for full life scenes of property owners throughout the full life cycle of real estate. They are an extension of property services and an important area for us to build an ideal community that integrates "recreation", "learning", "joy" and "longevity" (collectively referred to as "**Four Happiness**").

During the Period:

— Revenue from community living services was RMB1,758.3 million, representing an increase of 6.1% from RMB1,657.2 million for the same period of 2023. Among them:

  (1) revenue from community products and services reached RMB643.4 million (accounting for 36.6% of the community living services' total revenue), representing an increase of 11.4% compared with RMB577.6 million for the same period of 2023;

  (2) revenue from home living services reached RMB266.6 million (accounting for 15.2% of the community living services' total revenue), representing an increase of 21.1% compared with RMB220.1 million for the same period of 2023;

  (3) revenue from community space services reached RMB153.1 million (accounting for 8.7% of the community living services' total revenue), representing an increase of 6.1% compared with RMB144.2 million for the same period of 2023;

  (4) revenue from property asset management services reached RMB329.0 million (accounting for 18.7% of the community living services' total revenue), representing a decrease of 13.3% compared with RMB379.5 million for the same period of 2023; and

  (5) revenue from cultural and education services reached RMB366.2 million (accounting for 20.8% of the community living services' total revenue), representing an increase of 9.1% compared with RMB335.8 million for the same period of 2023.

— Gross profit reached RMB420.2 million, representing an increase of 4.6% as compared with RMB401.9 million for the same period of 2023.

	Six months ended 30 June				
	2024			2023	
	Revenue	***% of total***		Revenue	*% of total*
	RMB'000		***Y/Y %***	*RMB'000*	
Community products and services	**643,416**	**36.6%**	**11.4%**	577,641	34.9%
Home living services	**266,558**	**15.2%**	**21.1%**	220,112	13.3%
Community space services	**153,067**	**8.7%**	**6.1%**	144,218	8.7%
Property asset management services	**329,044**	**18.7%**	**–13.3%**	379,471	22.9%
Cultural and education services	**366,206**	**20.8%**	**9.1%**	335,788	20.2%
Total	**1,758,291**	**100.0%**	**6.1%**	1,657,230	100.0%

In light of the living needs of property owners, the Group continued to establish a living service platform with the integration of five ecosystems, including community retail, home living services, space services, asset operation and culture and education. During the Period, we continued to optimize our service mix, focus on core ecosystems and enhance operating capacity based on strategic planning and actual conditions, of which:

— *Community products and services:*

During the Period, the Group relied on the support of the "Accessibility + Relationship" community retail system, centering on the demand of basic living products, effectively made use of small programs, community pre-warehouse and community market and other carriers to stimulate the vitality of the community direct selling system, and provided complete logistics service solutions according to different customer needs covering high-quality scenes. At the same time, the Group continued to improve the bargaining power over the supply chain, further shortened the middle section of the product supply chain, allowing quality products to be shipped directly from the production area/factory to the community to promote economy of scale and strengthen the depth of self-owned brand construction and category expansion, continued to enhance our product competitive advantage of our products to provide quality products and services to the customers.

— *Home living services:*

The Group makes use of the “Four Seasons Living” home service platform, to facilitate the integration of home living service products, through proprietary + business cooperation mode to build household service system, and fixed-point teaching to achieve business, system and operation training to ensure due provision of the services landing. In terms of “property services + home based elderly care services”, the Group continues to promote the improvement of service operation capabilities, and forms three service modes, “Chun Yue Hui”* (椿悦薈) as the representative of the institutional elderly care operation, “Tao Ran Li”* (陶然里) as the representative of the health care community operation and “Chun Tian Li”* (椿天里) as the representative of home based elderly care operation.

— *Property asset management services:*

Based on the service value chain and the property owners’ asset management service needs as the starting point, the Group deeply cultivated the community covered by property services, built a community asset management service system, and took replacement services, marketing services and asset management (such as parking space business) as the main service products. During the Period, we continued to implement the multi-model expansion strategy, such as shared butlers and pipeline distribution, focused on advantageous projects, continued to strengthen refine management. At the same time, through the brokerage business franchise, partnership mechanism and other models to gradually promote business transformation, we will further shift to asset-light operations, reduce the fixed costs, and improve operation quality.

— *Culture and education services:*

The Group continued to implement the multi-brand strategy in terms of childcare services through our three brand systems: “Wonderful Garden Daycare Center + Lezhen Daycare Center + Montessori Academy Daycare Center”* (綠城奇妙園 + 普惠托育園 + 澳蒙國際園), and through in-depth exploration of the educational service needs of the community under management, we further optimized the service content and curriculum system, improved the operation efficiency of the single garden, continuously enhanced the core competitiveness of the Group’s cultural and education services, and continuously strengthened the operation efficiency of the self-operated daycare center. During the Period, MAG’s businesses in Australia remained stable and consistently grown.

Consulting services — 12.5% of total revenue, 20.9% of total gross profit

We continued to focus on the full life cycle of real estate, continuously improved the internal growth of consulting services and strengthened core competitive advantages of our consulting services through methods such as the integration of quality resources, construction of a standardized system and business innovation. During the Period:

— Revenue grew by 5.3% to RMB1,132.5 million, compared to the same period of 2023 that was RMB1,075.4 million.

	Six months ended 30 June				
	2024			2023	
	Revenue ***RMB'000***	***% of total***	***Y/Y %***	Revenue *RMB'000*	*% of total*
Property under construction services	**996,531**	**88.0%**	**5.2%**	946,941	88.1%
Management consulting services	**136,009**	**12.0%**	**5.9%**	128,420	11.9%
Total	**1,132,540**	**100.0%**	**5.3%**	1,075,361	100.0%

— Gross profit reached RMB364.0 million, representing a y/y increase of 12.3% from RMB324.1 million for the same period of 2023.

— *Property Under Construction Services*

Our revenue was RMB996.5 million, representing an increase of 5.2% compared with the same period of 2023. During the Period, we continued to enrich the content of services and enhanced service transformation, including continuously upgrading of service products' ecological resource circle, integrating Four Happiness services into the products, continuously improving the comprehensive competitiveness of service, expanding the scenario types of the services, and extending to the exhibition hall services, event reception services and other business scenarios.

— *Management Consulting Services*

Our revenue was RMB136.0 million, representing an increase of 5.9% compared with the same period of 2023. We will continue to adhere to the principle of "removing brand dependence, strengthening value creation, emphasizing product supply, and realizing deep market cultivation", to implement the strategy of deep cultivation in urban areas and the management of the whole process of customer development. The Group focuses on the improvement of quality and expansion of scope of our services, consolidating existing customers and products while optimizing the structure of customer groups and continuously enriching the product core, and gradually shifting from hardware consulting services focusing on buildings and spaces, such as the traditional property consulting and real estate consulting, to full-scale services focusing on the creation of lifestyle (urban services, future community, etc.), such as top-level design, the construction of service scenes, the introduction of service resources and operational or on-the-ground guidance.

Technology services — 1.8% of total revenue, 3.5% of total gross profit

Technology services are an important infrastructure to build the differentiated product system of the Group, break the bottleneck of bureau efficiency, and help the Group achieve the strategic goal of being the most valuable and happy living service provider in China. Centering on the digitalization of services, we have built global platform products and intelligent property products for government's digital governance, futuristic communities, and property enterprises. From the preliminary planning and design, smart hardware construction to the development and operation of digital system, technology services provide customers with intelligent, inclusive and affordable integrated solutions, and help customers in digital transformation. During the Period:

— Revenue was RMB158.9 million, representing a y/y decrease of 25.5% from RMB213.2 million for the same period of 2023.

— Gross profit was RMB61.5 million, representing a decrease of 21.3% from RMB78.1 million for the same period of 2023.

As affected by the current environment of the domestic market and the real estate industry environment, some of our contracted businesses have been delayed due to the requirement of the client and other reasons, and the customers' demand has also changed, so we have taken the initiative to adjust the product structure according to the market demand. Going forward, we will continue to drive business development using different methods such as improving the standardization of core products, enhancing product replication capabilities and optimizing customer structure.

Technology services mainly focus on the virtualization of space and the digitalization of services to provide customers with digital product and service solutions, which has formed three core businesses: (1) Shanshu intelligent property* (善數智慧物業): which reshapes the product ecosystem matrix with digital system, and with the intelligent system operated by the Group over the years, it provides systematic solutions based on the demands of property service enterprises related to business operation management and intelligent needs; (2) Shanshu global platform* (善數全域平台): which is based on the foundation of "platform + butler + governance" system to provide government customers with digital tools for urban basic unit governance and services, and support the digital renewal and development of urban and rural areas; and (3) Digital intelligence space* (數智空間): which takes building science and technology as the core, provides customers with Building Information Modeling (BIM) design consulting, intelligent design, community renewal and improvement and other building technology full life cycle services and comprehensive solutions in multiple segments, such as intelligent buildings and intelligent cities.

Foreign exchange risks

The Group conducts substantially all of its business in China, with most of the transactions conducted in Renminbi. Therefore, the Group is exposed to limited foreign exchange risk. During the Period, the Group has not employed any financial instruments for hedging purposes or engaged in any forward foreign exchange contracts for foreign exchange risk hedging purposes. As the businesses of MAG, a subsidiary of the Company, are conducted primarily in Australian dollars, the depreciation or appreciation of the Australian dollar and the adjustment of interest rates will have impact on the Group's performance. The Group will continue to closely monitor its exposure to exchange rate and interest rate risks and actively explore foreign exchange hedging options with major banks, and may employ derivative financial instruments to hedge against risks when necessary.

Employees and remuneration policies

The Group has formulated its human resources policies and systems to provide a wide range of training and personal development programmes to its employees. The remuneration package offered to employees is based on their duties and prevailing market levels. Discretionary bonuses based on individual performance will be paid to employees, and options will be granted based on employees' positions and performance, as recognition of and reward for their contributions. Staff benefits, including pension, medical coverage, provident funds and share options to be granted under the Company's share option scheme are also provided to employees of the Group.

On 26 June 2024, the Company granted an aggregate of 71,242,600 share options to subscribe for shares of the Company to certain Directors, senior management of the Company and employees of the Group, subject to acceptance of the grantees, under the share option scheme of the Company adopted on 16 June 2023. For more details, please refer to the announcement of the Company dated 26 June 2024.

As at 30 June 2024, the Group had 47,624 employees, an increase of 6.2% from that as at 30 June 2023. The total staff cost was RMB3,081.5 million, with a growth rate of 10.9% from RMB2,778.1 million for the same period of 2023, which was mainly due to the increase in staff costs brought by the delivery of new projects of the Group and the rigid increase in manpower costs.

Interim dividend

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

Contingent liabilities

Save as disclosed in this announcement, the Group did not have any significant contingent liabilities as at 30 June 2024.

Treasury policy

To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Pledged assets of the Group

As at 30 June 2024, MAG had a loan of AUD54.5 million (equivalent to approximately RMB259.7 million) from a bank for its operational needs and has secured it by some of its properties, plants and equipment (the carrying amount was AUD134.6 million, equivalent to approximately RMB641.3 million) as collateral.

As at 30 June 2024, a subsidiary of the Group borrowed RMB9.7 million from a bank for the purchase of the office building, and has secured it by the purchased property (the carrying amount was RMB10.8 million) as collateral.

Save as disclosed above, during the Period, there was no pledged asset of the Group.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments during the Period.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2024, the Group did not have any future plans for material investments and capital assets.

SUBSEQUENT EVENTS

Save as disclosed in this announcement, there was no important event which might affect the Group after 30 June 2024 and up to the date of this announcement.

CHANGE OF DIRECTORS' AND SENIOR MANAGEMENT'S INFORMATION

The Directors confirmed that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

CORPORATE GOVERNANCE PRACTICE

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

During the six months ended 30 June 2024, the Company was in compliance with all applicable code provisions set out in the Corporate Governance Code, and has adopted most of the recommended best practices set out in the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct for securities transactions by the Directors. Specific enquiry has been made to all Directors and each of the Directors has confirmed that he/she has complied with the standards set out in the Model Code during the six months ended 30 June 2024.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2024, the Company has repurchased a total of 24,390,000 shares on the Stock Exchange with an aggregate amount of HK$68,346,255.20, together with the 6,078,000 shares repurchased by the Company from 19 December 2023 to 29 December 2023, a total of 30,468,000 shares were cancelled on 27 May 2024.

Details of the shares repurchased during the six months ended 30 June 2024 are set out as follows:

Month of repurchase	No. of shares repurchased by the Company	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	*HK$*	*HK$*
January 2024	24,390,000	2.94	2.62	68,346,255.20

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any).

AUDIT COMMITTEE

The Company has established the audit committee (the "**Audit Committee**"). The Audit Committee currently consists of four members, namely Mr. Poon Chiu Kwok (Chairman), who acts as a professional accountant with related financial expertise, Mr. Wong Ka Yi, Mr. Li Feng and Mr. Jia Shenghua, and all of them are independent non-executive Directors. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process, risk management and internal controls and to perform other duties and responsibilities as assigned by the Board.

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

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.lvchengfuwu.com). The interim report of the Company for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be sent to the Shareholders and published on the above websites in due course.

By Order of the Board
Greentown Service Group Co. Ltd.
YANG Zhangfa
Chairman

23 August 2024

As at the date of this announcement, the executive Directors are Mr. YANG Zhangfa (Chairman), Ms. JIN Keli and Mr. CHEN Hao; the non-executive Directors are Mr. SHOU Bainian, Ms. XIA Yibo, Ms. LI Hairong and Mr. LIU Xingwei; and the independent non-executive Directors are Mr. POON Chiu Kwok, Mr. WONG Ka Yi, Mr. LI Feng and Mr. JIA Shenghua.

* *For identification purposes only*