合景悠活
KWG LIVING

Incorporated in the Cayman Islands with limited liability
Stock Code: 3913

2024
Interim Report

KWG LIVING GROUP HOLDINGS LIMITED

Enjoy Life Everywhere

CONTENTS

CORPORATE INFORMATION

Board of Directors

Executive Directors
KONG Jiannan
YANG Jingbo

Non-executive Director
KONG Jianmin *(Chairman)*

Independent Non-executive Directors
LIU Xiaolan
FUNG Che Wai, Anthony
NG Yi Kum

Audit Committee
LIU Xiaolan
FUNG Che Wai, Anthony
NG Yi Kum *(Chairperson)*

Remuneration Committee
KONG Jiannan
FUNG Che Wai, Anthony
NG Yi Kum *(Chairperson)*

Nomination Committee
KONG Jianmin *(Chairperson)*
FUNG Che Wai, Anthony
NG Yi Kum

Company Secretary
YAU Kam Chuen

Authorised Representatives
KONG Jiannan
YAU Kam Chuen

Auditor
Prism Hong Kong Limited
(formerly known as Prism Hong Kong and Shanghai Limited)
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal Advisors
As to Hong Kong law: Sidley Austin
As to Cayman Islands law: Conyers Dill & Pearman

Registered Office
Cricket Square, Hutchins Drive, P.O. Box 2681,
Grand Cayman, KY1-1111, Cayman Islands

Principal Place of Business in Hong Kong
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39 Gloucester Road, Wanchai, Hong Kong

Principal Share Registrar
Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive, P.O. Box 2681,
Grand Cayman, KY1-1111, Cayman Islands

Hong Kong Share Registrar
Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17/F, Hopewell Centre,
183 Queen's Road East, Wan Chai, Hong Kong

Principal Bankers
Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
China Everbright Bank Co., Limited
China Merchants Bank Co., Limited
Industrial and Commercial Bank of China Limited
Industrial Bank Co., Limited

Website
www.kwgliving.com

Stock Code
3913

CORPORATE PROFILE

The history of KWG Living Group Holdings Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**", "**we**", "**us**" or "**our**") can be traced back to 2004. Its shares (the "**Shares**") were listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 3913) on 30 October 2020.

The Group is a leading full-scale smart service operator in the People's Republic of China ("**PRC**" or "**China**"). Over more than 20 years, the Group has formulated a regional layout with core regions including the Greater Bay Area, Yangtze River Delta and Midwestern China, and its services cover diversified businesses involving residence, shopping malls, office buildings, hospitals, schools, institutions and urban services. At the same time, leveraging on the high quality development and market performance, the Group was awarded the titles of "2024 Top 10 Companies in Commercial Property Service in China" and "Top 11 of 2024 Top 20 Listed Companies of China Property Management Service".

Looking forward, the Group will fully leverage every industry opportunity to realise the full-scale quality development to further consolidate its scalable effects and market position through proactive developer cooperation, third-party market expansion and mergers and acquisition strategies. On the other hand, through efficient post-investment management, refined operations and leading digital management capabilities, the Group will achieve the collaboration and organic integration of multiple business formats, thereby building a positive cycle of high-quality and high-speed corporate development.

CHAIRMAN'S STATEMENT

Dear shareholders,

With heartfelt thanks for your continuous support to the development of the Group, I am pleased to present the interim report of the Group for the six months ended 30 June 2024.

In the first half of 2024, domestic property-related policies in China continued to be adjusted and optimised to provide a boost to the industry's development. On 17 May 2024, the People's Bank of China and the National Financial Regulatory Administration jointly launched four policy measures, including the setting-up of a RMB300 billion re-lending facility for affordable housing, the reduction of the minimum downpayment ratio for individuals' housing mortgages, the abolition of the mortgage floor rates for personal housing loans, and the reduction of the interest rate of the housing provident fund loans to boost the confidence in the property market, followed by supportive policies in cities and regions. In the current economic environment, the recovery of market consumer confidence and the effect of the policies will take some time. The track for a property market recovery is subject to further clarification.

For the property management industry, the growth of property management companies has shifted from the previous model of external mergers and acquisitions and new housing development deliveries to a model of competition in the existing market. Despite the slight slowdown in the overall growth rate of the property management industry, the Group has actively responded to market changes by putting relentless efforts into maintaining service quality, insisting on independent development and giving full play to its high-end positioning advantage. The Group focused on core areas, continued to reduce costs and enhance efficiency, and pursued quality development. During the six months ended 30 June 2024, the Group achieved a revenue of approximately RMB1,923.4 million. Among which, the proportion of revenue from third parties increased from 81.4% in the same period of 2023 to 85.2% for the six months ended 30 June 2024, further accelerating the independent development progress. While expanding the market, the Group insisted on quality development, strictly controlled the profitability of new projects, and continuously improved the operational efficiency of existing projects. For the six months ended 30 June 2024, the Group achieved a gross profit of approximately RMB564.0 million with a gross profit margin of approximately 29.3%, maintaining a relatively high level of profit return.

Looking back, the market fluctuations and challenges have forged the Group's resilient spirit while shaping a clearer direction for our development. Only with a forward-looking vision and pragmatic actions can we achieve sustainable development. The Group will continuously upgrade and build a reputable service, firmly pursue independent development, and collaborate with brands to enhance resource sharing and complement each other's strengths. At the same time, we will examine our own areas for improvement, embrace cutting-edge technology with an open attitude, and continuously explore new frontiers in the property management industry.

1. High-end quality, showcasing expertise

At China's Two Sessions in 2024, the Ministry of Housing and Urban-Rural Development pointed out that under the new model of real estate development, only "high quality, new technology, and good service" can build up a market, forging its development and future. For the past 20 years, the Group has been committed to providing high-quality property services. Ningjun Property, as a representative of high-end services, has deeply cultivated in the Pearl River Delta region, designing different service brands and systems tailored for various customer groups, aiming to provide adequate service with sense of boundaries to customers. Among them, the To C-end "Zhenxiang+" system, exemplified by projects such as Guangzhou Cosmos, Guangzhou Richmond Greenville, Chengdu Cosmos, Shenzhen Grand Oasis, and Beijing Yingyuetai (北京映月台), is a high-end customised service series built on platforms, such as Zhen Xiang Butler (臻享管家), Smart Quality Control (智慧品控), and the EBA Smart Control Platform. The Superior Grade A office building services, represented by Guangzhou International Finance Place, Guangzhou International Metropolitan Plaza, and Shanghai International Metropolitan Plaza, are part of an ecosystem service series based on Smart Office, Smart Building, and Front-End Services.

2. Inherit strengths and boost business

With the PRC government's strong policy push to expand domestic demand and promote consumption, the demand for service consumption has been further unleashed. At the same time, changes in people's consumption habits have brought new challenges and considerations to the Group's commercial operations. As the consumer market is bouncing back, the consumption structure is also continuously being optimised and upgraded. Value-for-money consumption, practical consumption, and health consumption have become new growth points. Moreover, in the fast-paced urban life, the concept of slow living is gradually gaining popularity and becoming a new consumer trend. To this end, the Group's commercial operations team has also carried out brand adjustments and upgrades. On one hand, they have introduced more high-quality brands that attract young people, and on the other hand, they have optimised the shopping environment and service quality, integrating online and offline development models to comprehensively enhance the shopping experience for consumers. Take the Chengdu Ufun Shopping Center of the Group as an example, the mall has nearly 300 contracted brands. During the sixth anniversary celebration event held in May this year, it recorded a year-on-year sales growth of 18%, with 7 brands ranking first in city-wide performance and over 50 brands achieving a year-on-year sales growth of 30%.

3. Focus on the core and achieve high-quality development

In the first half of 2024, the Group leveraged the regional advantages of its existing projects to expand surrounding projects, and continued to focus on further penetrating and solidifying its position in the Guangdong-Hong Kong-Macao Greater Bay Area and Yangtze River Delta Area. As of the end of June 2024, we had presence in 136 cities across 23 provinces, autonomous regions and municipalities. Revenue from the Greater Bay Area and the Yangtze River Delta Area accounted for approximately 65.4% of the total revenue of the Group for the six months ended 30 June 2024.

On the business front, the Group made unremitting efforts to deepen and expand its brand influence, showcasing its business layout and full licence advantages. After years of market-oriented development, the Group has obtained professional qualifications and certifications in property management, order maintenance, landscaping, high-altitude operations, and municipal medical services. Leveraging its professional capabilities, the Group has not only expanded the breadth of its business coverage but also enhanced the depth of its service content. The member enterprises leveraged the national layout and the advantage of comprehensive business licences, fully utilising resources to achieve regional breakthroughs and business model innovations, further solidifying the moat mechanism for their business capabilities. In the first half of the year, the Group won the bid for an office building project in Quzhou, marking the Group's first project in Quzhou City and achieving a regional breakthrough. Besides, the Group has won bids for logistics parks and industrial parks in northern, eastern, and southwestern China, broadening its presence in the logistics park and industrial park sectors. In addition, the Group has also ventured into the health and wellness industry for the first time.

4. Reduce costs and increase efficiency, and unleash internal potential

Facing the dual challenges of a complex and ever-changing market environment and cost pressures, the Group has thoroughly examined itself from a strategic perspective with foresight, gearing up in multiple areas. By optimising resource allocation through talent echelon management, digital management, and refined management, we have not only effectively controlled costs but also led to a significant leap in service quality and customer satisfaction. As of 30 June 2024, the Group recorded a customer satisfaction rate of 97.2%.

In terms of talent pipeline, the Group continued to carry out structural optimisation, enhancing organisational efficiency, and streamlining headquarters staff so as to form virtual teams. The regional management capability has been strengthened and enhanced through simplification of administration and power delegation. Projects were empowered to reduce back-office workload and unleash frontline productivity, injecting endless momentum into the Group's long-term development.

The Group actively embraced the wave of smart technology, deeply integrating cutting-edge technologies into various aspects of property management. Based on digital platforms, the Group has broken down information barriers and achieved a closed-loop business process. The widespread application of smart devices has facilitated the optimal allocation of resources and timely access to information, while reducing labour costs. The measure demonstrated the Group's precise grasp of the future direction of the property management industry development.

In terms of refined management, while ensuring service quality, the Group strengthened operational efficiency and enhanced service concepts. By increasing the service density in the areas we have already entered, we increased our overall operating cost efficiency. During the six months ended 30 June 2024, the Group's labour cost efficiency[1)] ("**Labour Cost Efficiency**") increased by approximately 4.0% year-on-year.

1) Labour cost efficiency is calculated by dividing total revenue by total labour cost

5. Technology empowerment, endless possibilities

In the past two years, with the development of artificial intelligence ("**AI**"), the Group has taken digitalisation as an important means to enhance the Group's technology standards. By leveraging new-generation AI technology, the Group has established AI algorithms, AI monitoring, and online AI consultation functions to improve community security management and the efficiency of convenience services. In terms of organisational design, the Group has achieved flat management of projects through the integrated command center ("X" platform), covering four aspects: AI algorithm-based quality management, cloud seat-based car park management, Internet of Things (IoT)-based equipment and supplier management, and customer evaluation-based service assurance. This has resulted in "zero" cost for work order circulation, elimination of the need for human guards in car parks, significant improvement in inspection efficiency, and prompt response to customer demands.

Digital management tools, as an important means for the Group to implement standards of quality management, have been deeply integrated into various aspects of daily management. "Building good standards together, creating good services together" is the goal of the Group's digital management practice. The Group has currently established a series of digital management tools such as the Smart Construction Cloud System, a mini program called "碼上悠享小程序", the Equipment Inspection System, and the Elevator Testing System. These tools are used as products for employees to execute service standardisation, arranging work and executing services through online guidance, and ensuring the smooth implementation of standardised management.

The new industry landscape has given rise to new property management models and new service systems. Leveraging the technological advantages of gigabit routers, Internet of Things, and cloud computing, the Group has achieved precise guidance and management of projects and regions, breaking the limitation of time and space to achieve seamless connection in multiple scenarios. This has made frontline work more efficient and systematic, improved the overall management level of projects, and enhanced the sense of gain and happiness for the home owners.

6. Future outlook

In 2024, the global economic environment is complex and ever-changing. As a livelihood industry, the property services, being one of the main players in the service economy, possess characteristics of rigid demand and long cycles of consumption, demonstrating strong resilience and investment potential in the market environment. Facing future challenges, we will adhere to the principle of prudent operation, strengthen risk control, closely monitor market trends, and actively respond to market changes. At the same time, we proactively fulfill social responsibilities and contribute to social progress and sustainable development. Thanks to the steadfast support and trust from all our shareholders and ecosystem partners. In 2024, we will move forward hand in hand to create a better future together!

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In the first half of 2024, we stayed strong and faced the challenging market environment, grasped the trends of the industry development, and made timely adjustments to our business strategies. By adhering to the original aspiration of quality and insisting on independent development, we continued to improve quality and efficiency. For the six months ended 30 June 2024, the Group achieved total revenue of approximately RMB1,923.4 million with gross profit margin of approximately 29.3%. As of 30 June 2024, we provided property management services, commercial operational services and value-added services in 23 provinces or autonomous regions and 136 cities in China.

Stable Core Property Management Services

The property management industry has entered a new stage of development, shifting from growth driven by incremental increases to growth driven by stock competition. The Group has also made forward-looking adjustments to its business strategies, returning to its original intention of emphasising quality services, and focusing on the essence of property services by leveraging on service quality to facilitate market expansion. For the six months ended 30 June 2024, the Group's revenue from property management services rose steadily, with the overall revenue from property management services increasing by approximately 5.5% year-on-year to approximately RMB1,647.6 million as compared to the corresponding period of last year. Among them, the property management services revenue of the residential segment increased by approximately 12.2% year-on-year. The increase in revenue from property management services was mainly attributable to the increase in the gross floor area ("**GFA**") under the Group's management as compared to the same period last year.

Independent Development Made Great Achievements

In an economic environment where the real estate market continues to be under pressure, the Group has endeavored to achieve third-party project expansion in the market through its own operational strengths to replenish the Group's projects under management. In the first half of 2024, the Group's independent operation was further enhanced. For the six months ended 30 June 2024, the proportion of the Group's total revenue derived from independent third parties amounted to approximately 85.2%, representing an increase of approximately 3.8 percentage points as compared to the same period in 2023.

Collaborating with Member Companies to Facilitate Outward Expansion

After years of deep cultivation in the property management industry, the Group has realised the layout of the multi-industry service model of "Residential + Commercial + Public Building", and has deposited property service capabilities with high competitive barriers in a number of specialised fields. In the first half of 2024, the Group continued to give full play to the competitive edges of its member companies in their respective fields of specialisation, and to share information and experience nationwide, thereby facilitating market expansion. In the first half of 2024, leveraging on its excellent market reputation, the Group made achievements in market expansion in a number of sectors. For example, in the residential sector, we expanded several mid to high-end residential projects in Shanghai and Beijing; in the commercial sector, we expanded high-quality office building projects in Guangzhou; and in the public sector, we expanded numerous projects in Guangzhou, including top-tier hospitals, border inspection stations, and government office buildings. In addition, the Group achieved a breakthrough in a new segment in the first half of 2024 by successfully expanding the logistics parks of large multinational retailers in China for enterprise empowerment.

Optimising Operations by Improving Quality and Efficiency

The introduction of digital technology has greatly enhanced the Company's operational efficiency and service quality. Firstly, through the introduction of intelligent management system, the Company has realised the digitalisation of the whole process of property management, from customer service, work order dispatch, facility maintenance to financial management. The data of each segment is interconnected in real time, which improves the work efficiency. Secondly, the Company has launched an online service platform in customer service, which allows customers to report repairs, pay bills and make inquiries through a WeChat mini program, namely "碼上悠享", significantly improving customer satisfaction. In addition, digital empowerment not only improves internal management efficiency, but also creates new business growth points. For example, the intelligent parking management service platform "Cloud Vehicle Management (雲車管)" realises the centralised remote management of project car parks, which not only improves service response speed and saves labour costs, but also brings about new profit models. In terms of cost control, the digital management system has helped the Company achieve refined management, optimised resource allocation and reduced operating costs through big data analysis and forecasting. For the six months ended 30 June 2024, the Group's Labour Cost Efficiency improved by approximately 4.0% year-on-year, while the administrative expenses rate decreased by approximately 1.5 percentage points year-on-year.

Business Model

The Group generates revenue primarily from two principal business segments: (i) residential property management services; and (ii) non-residential property management and commercial operational services.

Residential Property Management Services

The Group provides residential property management services to afford various services meeting the needs of households and residents in the community under different daily-living scenarios, including:

- pre-sale management services such as cleaning, security and maintenance services for pre-sale display units and sales offices to property developers during their pre-sale activities. The Group charges a fixed service fee for such services;

- property management services such as cleaning, security, gardening and repair and maintenance services to (i) property developers for the undelivered portion of the properties; and (ii) property owners, property owners' associations or residents for properties sold and delivered. The Group collects property management fees for such services; and

- community value-added services such as (i) home-living services — the provision of a wide range of services catered to the personalised needs of owners through the integration of industrial and ecological resources; (ii) property agency services — property agency services provided to property owners, residents and property developers; and (iii) common area value-added services — aiming to provide daily-living convenience to property owners and residents and enhance the owners' sense of pleasant accommodation by utilising the community space. The Group typically charges a commission-based fee or a fixed fee depending on the nature of services rendered.

Non-residential Property Management and Commercial Operational Services

The Group manages and operates a diversified portfolio of non-residential properties, provides property management and commercial operational services to commercial properties such as shopping malls, office buildings and industrial parks, and provides property management services to schools, hospitals, government authorities and other public properties. The Group's services include:

- pre-sale management services such as cleaning, security and maintenance services for pre-sale display units and sales offices to property developers. The Group charges a fixed service fee for such services;

- property management services such as file management, cleaning, security, gardening and repair and maintenance services to property owners or tenants. The Group charges property management fees for such services;

  - property management services for commercial properties: the Group charges property management fees for property management services provided to commercial properties (including shopping malls and office buildings);

  - public property services and urban services: the Group charges corresponding management fees for property management services provided to public properties (including schools, hospitals, government authorities, industrial parks and transportation hubs) and for urban cleaning services provided to urban spaces (including urban roads and rivers);

- commercial operational services such as preliminary planning and consultancy services, tenancy sourcing services, tenancy management services and marketing and promotion services to property owners and property developers. The Group typically charges (i) a commission-based fee with respect to the operation of shopping malls; (ii) a profit mark-up on top of the costs with respect to the operation of office buildings; and (iii) a fixed service fee on a per square metre basis for its preliminary planning and consultancy services and tenancy sourcing services; and

- other value-added services such as primarily common area value-added services. The Group typically charges a commission-based fee or a fixed fee depending on the nature of services rendered.

Breakdown of the Group's Revenue by Business Segments and Regions

The table below sets forth the breakdown of the Group's revenue by business segments for the periods indicated:

	Six months ended 30 June			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Residential property management services				
Pre-sale management services	**44,183**	**2.3**	98,912	5.2
Property management services	**733,118**	**38.1**	653,398	34.6
Community value-added services	**119,872**	**6.2**	97,320	5.2
Sub-total	**897,173**	**46.6**	849,630	45.0
Non-residential property management and commercial operational services				
Pre-sale management services	**11,088**	**0.6**	11,746	0.6
Property management services				
— Commercial properties	**256,912**	**13.4**	224,517	11.9
— Public property and urban area	**657,618**	**34.2**	684,056	36.2
Commercial operational services	**40,541**	**2.1**	60,709	3.2
Other value-added services	**60,039**	**3.1**	57,415	3.1
Sub-total	**1,026,198**	**53.4**	1,038,443	55.0
Total	**1,923,371**	**100.0**	1,888,073	100.0

Residential Property Management Services

The Group provides pre-sale management services, property management services and community value-added services for numerous residential property projects across the country and continues to actively expand the residential property projects developed by third-party developers. For the six months ended 30 June 2024, the revenue of the Group's residential property management services segment increased by approximately 5.6% year-on-year to approximately RMB897.2 million as compared to approximately RMB849.6 million for the corresponding period last year. Among them, revenue from pre-sale management services decreased by 55.3% year-on-year, mainly attributable to the pressure in the real estate market, which led to a decrease in the number of sales offices of the Group's residential properties under management during the six months ended 30 June 2024. Revenue from property management services increased by approximately 12.2% year-on-year. Such increase was mainly due to the increase in the GFA under management of the Group's residential segment during the six months ended 30 June 2024 as compared to the corresponding period in 2023.

During the first half of 2024, the Group continued to focus on economically developed and advantaged regions and deeply cultivated in the local residential property management services market. For the six months ended 30 June 2024, the revenue of the residential property management services segment in the Greater Bay Area and the Yangtze River Delta region increased by approximately 8.8% and 3.0% year-on-year, respectively, and the revenue in these economically developed regions accounted for approximately 57.6% of the total revenue from the residential segment, which reflected the Group's branding effect as well as its continuous market expansion capability in these economically developed regions.

The table below sets forth a breakdown of the Group's revenue generated from residential property management services for the periods indicated by regions:

	Six months ended 30 June			
	2024		2023	
	Revenue (RMB'000)	**%**	Revenue (RMB'000)	%
Greater Bay Area	**345,231**	**38.5**	317,268	37.3
Yangtze River Delta[1]	**171,524**	**19.1**	166,520	19.6
Midwest China and Hainan[2]	**332,926**	**37.1**	321,896	37.9
Bohai Economic Rim[3]	**47,492**	**5.3**	43,946	5.2
Total	**897,173**	**100.0**	849,630	100.0

Notes:

(1) Include Shanghai Municipality, Zhejiang Province, Anhui Province and Jiangsu Province.

(2) Include Sichuan Province, Yunnan Province, Hubei Province, Hunan Province, Jiangxi Province, Guangxi Zhuang Autonomous Region, Guizhou Province, Henan Province, Fujian Province, Hainan Province, Xinjiang Uygur Autonomous Region and Chongqing Municipality.

(3) Include Beijing Municipality, Tianjin Municipality and Shandong Province.

Non-residential Property Management and Commercial Operational Services

The Group provides property management services for non-residential properties such as commercial properties and public buildings, and provides commercial operational services for commercial properties such as shopping centers and office buildings. For the six months ended 30 June 2024, the revenue of the Group's non-residential property management services segment decreased by approximately 1.2% year-on-year to approximately RMB1,026.2 million as compared to approximately RMB1,038.4 million for the corresponding period last year. Such decrease was mainly due to the contraction of the urban services business.

During the first half of 2024, the Group continued to cultivate its non-residential property management and commercial operational services business, deepening its regional strengths while mapping high-potential regions. For the six months ended 30 June 2024, the revenue of the non-residential property management services segment in the Greater Bay Area and the Yangtze River Delta region accounted for approximately 72.3% of the total revenue from the non-residential segment. For the six months ended 30 June 2024, revenue from the non-residential property management services segment in the Greater Bay Area decreased slightly as compared to the corresponding period in 2023, mainly due to the contraction of the urban services business in the region.

The table below sets forth a breakdown of the Group's total revenue generated from non-residential property management and commercial operational services for the periods indicated by regions:

	Six months ended 30 June			
	2024		2023	
	Revenue (RMB'000)	%	Revenue (RMB'000)	%
Greater Bay Area	413,154	40.3	461,250	44.5
Yangtze River Delta[1]	328,768	32.0	309,925	29.8
Midwest China and Hainan[2]	137,633	13.4	131,312	12.6
Bohai Economic Rim[3]	146,643	14.3	135,956	13.1
Total	1,026,198	100.0	1,038,443	100.0

Notes:

(1) Include Shanghai Municipality, Zhejiang Province, Anhui Province and Jiangsu Province.

(2) Include Sichuan Province, Chongqing Municipality, Hubei Province, Hunan Province, Henan Province, Shaanxi Province, Jiangxi Province, Yunnan Province, Guizhou Province, Guangxi Zhuang Autonomous Region and Hainan Province.

(3) Include Beijing Municipality, Tianjin Municipality and Shandong Province.

Financial Review

Revenue

The Group derived its revenue from two business segments, namely the residential property management service segment and non-residential property management and commercial operational service segment.

The table below sets forth the breakdown of revenue of the Group by business segment for the periods indicated:

	Six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Residential property management services	897,173	46.6	849,630	45.0
Non-residential property management and commercial operational services	1,026,198	53.4	1,038,443	55.0
Total	1,923,371	100.0	1,888,073	100.0

Residential Property Management Services

The following table sets forth a breakdown of the Group's revenue from residential property management services by service line for the periods indicated:

	Six months ended 30 June			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Pre-sale management services	**44,183**	**4.9**	98,912	11.6
Property management services	**733,118**	**81.7**	653,398	76.9
Community value-added services	**119,872**	**13.4**	97,320	11.5
Total	**897,173**	**100.0**	849,630	100.0

Pre-sale Management Services

Revenue generated from pre-sale management services under the Group's residential property management service segment decreased from approximately RMB98.9 million for the six months ended 30 June 2023 to approximately RMB44.2 million for the six months ended 30 June 2024. This decrease was primarily due to the decrease in the number of sales offices of residential properties under the Group's management, as a result of the continuous downturn of the real estate market in the PRC.

Property Management Services

Revenue generated from property management services under the Group's residential property management service segment increased from approximately RMB653.4 million for the six months ended 30 June 2023 to approximately RMB733.1 million for the six months ended 30 June 2024. This increase was primarily due to the increase in the Group's GFA under management for residential properties during the six months ended 30 June 2024.

Community Value-added Services

Revenue generated from community value-added services under the Group's residential property management service segment increased from approximately RMB97.3 million for the six months ended 30 June 2023 to approximately RMB119.9 million for the six months ended 30 June 2024. This increase was primarily due to the increase in property owners value-added services of the Group during the six months ended 30 June 2024.

Non-residential Property Management and Commercial Operational Services

The following table sets forth a breakdown of the Group's revenue from non-residential property management and commercial operational services by service line for the periods indicated:

	Six months ended 30 June			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Pre-sale management services	**11,088**	**1.1**	11,746	1.1
Property management services	**914,530**	**89.1**	908,573	87.5
Commercial operational services	**40,541**	**4.0**	60,709	5.9
Other value-added services	**60,039**	**5.8**	57,415	5.5
Total	**1,026,198**	**100.0**	1,038,443	100.0

Pre-sale Management Services

Revenue generated from pre-sale management services under the Group's non-residential property management and commercial operational service segment decreased from approximately RMB11.7 million for the six months ended 30 June 2023 to approximately RMB11.1 million for the six months ended 30 June 2024. This decrease was primarily due to the decrease in the number of sales offices of non-residential properties under the Group's management during the six months ended 30 June 2024 as a result of the continuous downturn of the real estate market in the PRC.

Property Management Services

Revenue generated from property management services under the Group's non-residential property management and commercial operational service segment increased slightly from approximately RMB908.6 million for the six months ended 30 June 2023 to approximately RMB914.5 million for the six months ended 30 June 2024.

Commercial Operational Services

Revenue generated from commercial operational services under the Group's non-residential property management and commercial operational service segment decreased from approximately RMB60.7 million for the six months ended 30 June 2023 to approximately RMB40.5 million for the six months ended 30 June 2024. The decrease was primarily due to the decrease in the income from preliminary planning and consultancy services for the six months ended 30 June 2024.

Other Value-added Services

Revenue generated from other value-added services under the Group's non-residential property management and commercial operational service segment increased slightly from approximately RMB57.4 million for the six months ended 30 June 2023 to approximately RMB60.0 million for the six months ended 30 June 2024.

Cost of Sales

The Group's cost of sales represents costs and expenses directly attributable to the provision of its services, which comprises (i) labour costs; (ii) subcontracting costs; (iii) utilities costs; (iv) office expenses; (v) cleaning expenses; (vi) rent and management fees for staff dormitory and car parks; (vii) security expenses; and (viii) others. For the six months ended 30 June 2024, the total cost of sales of the Group was approximately RMB1,359.4 million, which increased by approximately RMB67.4 million or 5.2% as compared to approximately RMB1,292.0 million for the corresponding period in 2023. The increase was primarily due to the increase in GFA under management and revenue during the six months ended 30 June 2024.

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased by approximately RMB32.1 million or 5.4% to approximately RMB564.0 million for the six months ended 30 June 2024 from approximately RMB596.1 million for the six months ended 30 June 2023. The Group reported gross profit margin of approximately 29.3% for the six months ended 30 June 2024 (for the six months ended 30 June 2023: approximately 31.6%).

Other Income and Gains

The other income and gains of the Group decreased by approximately RMB17.6 million or 66.7% to approximately RMB8.8 million for the six months ended 30 June 2024 from approximately RMB26.4 million for the six months ended 30 June 2023, and mainly comprised government grants, late penalty income and tax incentives on value-added tax of approximately RMB2.3 million, RMB1.8 million and RMB1.5 million, respectively.

Administrative Expenses

Administrative expenses mainly consist of (i) salaries and allowances for the Group's administrative and management personnel; (ii) depreciation and amortisation costs; and (iii) office expenses. For the six months ended 30 June 2024, the administrative expenses of the Group were approximately RMB239.0 million, which decreased by approximately RMB23.1 million or 8.8% as compared to approximately RMB262.1 million for the corresponding period in 2023. Such decrease was mainly due to certain other intangible assets arising from acquisition of subsidiaries in previous year had been fully amortised in 2023. In addition, the decrease in administrative expenses also reflected the Group's continuous improvement in management efficiency.

Other Expenses, Net

For the six months ended 30 June 2024, the other expenses of the Group was approximately RMB220.4 million (for the six months ended 30 June 2023: approximately RMB219.7 million) and mainly comprised impairment losses on trade receivables, other intangible asset and goodwill of approximately RMB127.0 million, RMB30.9 million and RMB55.4 million, respectively. After taking into consideration of the credit risk and market environment, the Group had recorded appropriate impairment provisions in view of the continuous downturn of the real estate market in the PRC during the six months ended 30 June 2024.

Income Tax

For the six months ended 30 June 2024, the income tax of the Group was approximately RMB28.7 million (for the six months ended 30 June 2023: approximately RMB41.6 million).

Financial Position and Capital Structure

Total Assets, Total Liabilities and Current Ratio

As at 30 June 2024, the total assets of the Group was approximately RMB7,036.9 million (as at 31 December 2023: approximately RMB6,894.4 million), and the total liabilities was approximately RMB3,273.8 million (as at 31 December 2023: approximately RMB3,185.0 million). As at 30 June 2024, the current ratio of the Group was 1.81 (as at 31 December 2023: 1.82).

Cash and Cash Equivalents

As at 30 June 2024, the Group's cash and cash equivalents amounted to approximately RMB1,268.5 million, representing a decrease of approximately 12.1% as compared with approximately RMB1,442.9 million as at 31 December 2023. All of the Group's cash and cash equivalents were denominated in RMB except for approximately RMB0.1 million which were denominated in HKD and USD.

Borrowings and Charges on the Group's Assets

As at 30 June 2024, the Group's total borrowings were approximately RMB612.3 million. Among which, approximately RMB156.8 million will be repayable within 1 year and approximately RMB455.5 million will be repayable between 2 and 5 years. The Group's bank and other borrowings were secured by trade receivables, other receivables and property, plant and equipment of the Group with total carrying value of approximately RMB147.9 million, and equity interests of certain subsidiaries of the Group. The carrying amounts of all the Group's bank and other borrowings were denominated in RMB. All of the Group's bank and other borrowings were charged at fixed interest rates except for loan balance of approximately RMB42.5 million which were charged at floating interest rates as at 30 June 2024.

Trade Receivables

The Group's trade receivables mainly represent receivables from residential property management services and non-residential property management and commercial operational services. The Group's trade receivables as at 30 June 2024 amounted to approximately RMB2,851.0 million, representing an increase of approximately RMB409.8 million or 16.8% as compared to approximately RMB2,441.2 million as at 31 December 2023. Due to the continuous downturn of the real estate market in the PRC during the six months ended 30 June 2024, the pace of recovery of trade receivables continued to be slow. At the same time, the Group had made appropriate impairment provisions during the six months ended 30 June 2024.

Trade Payables

The Group's trade payables as at 30 June 2024 amounted to approximately RMB595.8 million, representing an increase of approximately RMB61.0 million or 11.4% as compared to approximately RMB534.8 million as at 31 December 2023.

Gearing Ratio

Gearing ratio is calculated by the net debt (total debt net of cash and cash equivalents and restricted cash) divided by total equity. As the Group was in a net cash position as at 30 June 2024 and 31 December 2023, the gearing ratio was not applicable to the Group.

Contingent Liabilities

As at 30 June 2024 and 31 December 2023, the Group did not have any material contingent liabilities.

Foreign Exchange Risk

The Group mainly operates in the PRC and most of its operations are denominated in RMB. The Group will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into currency swap arrangement as and when appropriate for hedging corresponding risks. During the first half of 2024, the Group had not engaged in hedging activities for managing foreign exchange rate risk.

OTHER INFORMATION

Interests of Directors and Chief Executive

As at 30 June 2024, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("**SFO**")) which were required to be (i) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (ii) otherwise notified to the Company and the Stock Exchange pursuant to 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 Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), were as follows:

Long Positions in the Shares and Underlying Shares

	Number of Shares held				
Name	**Personal interests (beneficial owner)**	**Corporate interests (interests of Controlled corporation)**	**Other interests**	**Total**	**% of the issued voting Shares[1]**
Executive Directors					
— KONG Jianmin	2,300,000	849,718,661[2]	219,635,885[4]	1,071,654,546	52.90
— KONG Jiannan	—	81,827,772[3]	988,977,774[4]	1,070,805,546	52.86
— YANG Jingbo	125,000[5]	—	—	125,000	0.01
Chief Executive Officer					
— WANG Jianhui *(resigned on 29 August 2024)*	820,000	—	—	820,000	0.04

Notes:

(1) The approximate percentage was calculated based on the total number of issued Shares (i.e. 2,025,858,916 Shares) as at 30 June 2024.

(2) Plus Earn Consultants Limited ("**Plus Earn**") and Hero Fine Group Limited ("**Hero Fine**") are wholly-owned and controlled by Mr. KONG Jianmin. By virtue of the SFO, Mr. KONG Jianmin is deemed to be interested in the Shares in which Plus Earn and Hero Fine are interested.

(3) Peace Kind Investments Limited ("**Peace Kind**") and Expert Vision International Limited ("**Expert Vision**") are wholly-owned and controlled by Mr. KONG Jiannan. By virtue of the SFO, Mr. KONG Jiannan is deemed to be interested in the Shares in which Peace Kind and Expert Vision are interested.

(4) On 14 October 2020, Plus Earn, Hero Fine, Right Rich Consultants Limited ("**Right Rich**"), Excel Wave Investments Limited ("**Excel Wave**"), Wealth Express Investments Limited ("**Wealth Express**") and Peace Kind entered into a shareholders' agreement (the "**Shareholders' Agreement**"), pursuant to which, among other things, the parties thereto shall vote at general meetings of the Company according to the instruction of whichever party thereto holds the most Shares from time to time. As such, by virtue of the SFO, each of Mr. KONG Jianmin and Mr. KONG Jiannan is deemed to be interested in the total number of Shares directly held by Plus Earn, Hero Fine, Right Rich, Excel Wave, Wealth Express and Peace Kind.

(5) These Shares represent (i) the 1st tranche of 33,500 Shares awarded to such Director which were vested on 19 April 2022 pursuant to the Share Award Scheme (as defined hereinafter), out of which, 4,000 Shares were sold at an average price of HK$3.24 on the same date to cover the PRC withholding tax; (ii) the 2nd tranche of 33,500 Shares awarded to such Director which were vested on 17 April 2023 pursuant to the Share Award Scheme (as defined hereinafter), out of which, 2,000 Shares were sold at an average price of HK$1.16 on 18 April 2023 to cover the PRC withholding tax; and (iii) the 3rd tranche of 67,000 Shares awarded to such Director which were vested on 15 April 2024, out of which, 3,000 Shares were sold at an average price of HK$0.31 on 16 April 2024 to cover the PRC withholding tax.

Long Position in the Shares of Associated Corporation of the Company

Name of Director	Name of associated corporation	Capacity	Number of shares held	% of the issued voting shares
KONG Jianmin	Plus Earn	Beneficial owner	1,000	100

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Scheme

The Company has adopted a share option scheme (the "**Share Option Scheme**"), which was approved by the Shareholders by passing an ordinary resolution at the annual general meeting of the Company held on 3 June 2021.

The number of Shares in respect of which options ("**Option(s)**") are available for grant under the Share Option Scheme as at 1 January 2024 and 30 June 2024 were both 201,470,523.

During the six months ended 30 June 2024, no Options were granted under the Share Option Scheme. Particulars of the outstanding Options granted to certain eligible participants ("**SO Grantees**") in prior years and their movements during the six months ended 30 June 2024 are as follows:

				Number of Options						
Categories of SO Grantees	Date of grant	Exercise price per Share (HK$)	Exercise period[1]	Balance as at 01.01.2024	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Balance as at 30.06.2024	Closing price per Share[2] (HK$)
Employees	23.07.2021	8.964	15.04.2022 to 14.04.2026	270,000	–	–	–	–	270,000	8.78
Total				270,000	–	–	–	–	270,000	

Notes:

(1) Subject to the vesting conditions (namely, the net profit of the Group for the financial year 2021 achieved its expected target amount set in early 2021) being met, the vesting period of the Options granted was as follows: up to 25% of the Options granted should become exercisable from 15 April 2022, up to 50% of the Options granted should become exercisable from 15 April 2023; and 100% of the Options granted should become exercisable from 15 April 2024. If any of such days falls on a Saturday, a Sunday or a public holiday, then the next business day following it.

(2) This represented the closing price of the Shares immediately before the date on which the Options were granted.

(3) These Options granted are not subject to any other exercising conditions nor any performance targets.

OTHER INFORMATION

The following inputs were used to calculate the fair values of the Options granted:

	Options granted on 23 July 2021
Dividend yield (%)	1.16
Expected volatility (%)	60.22
Risk-free interest rate (%)	0.35
Expected life of Options (year)	4
Weighted average Share price (HK$ per Share)	8.964

HK$1.00 is payable for acceptance of grant of Options by each grantee. The fair value of the Options granted on 23 July 2021 determined at the date of grant using the binomial models (the "**Binomial Models**") was approximately RMB1,968,000.

The Binomial Models have been used to estimate the fair value of the Options. The variables and assumptions used in computing the fair value of the Options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the Options.

The fair value of the Options determined at the grant date is recognised in "administrative expenses" in the condensed consolidated statement of profit or loss on a straight-line basis over the vesting period based on the Group's estimate of the number of equity instruments that will eventually vest.

Share Award Scheme

The Company has adopted a share award scheme (the "**Share Award Scheme**"), which was approved by the Board at the Board meeting held on 23 July 2021. A summary of the Share Award Scheme was set out in the announcement of the Company dated 23 July 2021 headed "Adoption of Share Award Scheme and Grant of Awarded Shares".

The number of awarded Shares (the "**Awarded Share(s)**") available for grant under the Share Award Scheme as at 1 January 2024 and 30 June 2024 were both 99,985,011. No consideration or vesting price is payable by the SA Grantees (as defined hereinafter) upon acceptance or vesting of the Awarded Shares.

During the six months ended 30 June 2024, no Awarded Share was granted under the Share Award Scheme. Details of the Awarded Shares involving existing Shares granted to certain selected participants (the "**SA Grantees**") in prior years and their movements during the six months ended 30 June 2024 are as follows:

			Number of Awarded Shares						
Categories of SA Grantees	**Date of grant**	**Vesting Period[1]**	**Balance as at 01.01.2024**	**Granted during the period**	**Vested during the period[2]**	**Cancelled during the period**	**Lapsed during the period**	**Balance as at 30.06.2024**	**Closing price per Share[5]** (HK$)
Executive Director – YANG Jingbo	23.07.2021	15.04.2022 to 15.04.2024	67,000	–	(67,000)[3]	–	–	–	8.78
Other employee participants[8]	23.07.2021	15.04.2022 to 15.04.2024	329,000	–	(329,000)[4]	–	–	–	8.78
Total			396,000	–	(396,000)	–	–	–	

Notes:

(1) Subject to the vesting conditions (namely, the net profit of the Group for the financial year 2021 achieved its expected target amount set in early 2021) being met, the Awarded Shares should be vested in accordance with the following dates: (i) 25% of which should be vested on 15 April 2022; (ii) another 25% of which should be vested on 15 April 2023; and (iii) the remaining 50% of which should be vested on 15 April 2024. If any of such days falls on a Saturday, a Sunday or a public holiday, then the next business day following it.

(2) No consideration or vesting price is payable by the SA Grantees upon acceptance or vesting of the Awarded Shares, whereas the weighted average closing price of the underlying Shares immediately before the date on which the Awarded Shares were vested during the six months ended 30 June 2024 (being 15 April 2024) was HK$0.315 per Share.

(3) Out of these 67,000 Awarded Shares vested during the period, 3,000 Awarded Shares were sold at an average price of HK$0.31 per Share to cover PRC withholding tax pursuant to the rules of the Share Award Scheme.

(4) Out of these 329,000 Awarded Shares vested during the period, 17,000 Awarded Shares were sold at an average price of HK$0.31 per Share to cover PRC withholding tax pursuant to the rules of the Share Award Scheme.

(5) This represented the closing price of the Shares immediately before the date on which the Awarded Shares were granted.

(6) These Awarded Shares granted are not subject to any other exercising conditions nor any performance targets.

(7) The fair value of the Awarded Shares at the grant date approximated to the market value of the Shares, which is calculated based on the closing price of the Shares as at the date of grant of the Awarded Shares, and is recognised in "administrative expenses" in the condensed consolidated statement of profit or loss on a straight-line basis over the vesting period based on the Group's estimate of the number of equity instruments that will eventually vest. Details of the fair value of the Awarded Shares granted by the Company and the accounting policy adopted for the Awarded Shares are set out in note 29 to the consolidated financial statements in the 2023 annual report of the Company.

(8) Other employee participants include directors of certain subsidiaries of the Group.

Interests of Substantial Shareholders and Other Persons

As at 30 June 2024, so far as the Directors or chief executive of the Company were aware of, persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Long Positions in the Shares

	Number of Shares held				
Name of substantial Shareholder	**Personal interests (beneficial owner)**	**Corporate interests (interests of controlled corporation)**	**Other interests**	**Total**	**% of the issued voting Shares[(1)]**
Plus Earn[(4)]	678,390,949	–	390,963,597[(3)]	1,069,354,546	52.79
Hero Fine[(4)]	171,327,712	–	898,026,834[(3)]	1,069,354,546	52.79
Peace Kind[(4)]	80,376,772	–	988,977,774[(3)]	1,069,354,546	52.79
KONG Jiantao	–	139,259,113[(2)]	930,095,433[(3)]	1,069,354,546	52.79
Right Rich	136,667,833	–	932,686,713[(3)]	1,069,354,546	52.79
Excel Wave	2,079,450	–	1,067,275,096[(3)]	1,069,354,546	52.79
Wealth Express	511,830	–	1,068,842,716[(3)]	1,069,354,546	52.79

Notes:

(1) The approximate percentage was calculated based on the total number of issued Shares (i.e. 2,025,858,916 Shares) as at 30 June 2024.

(2) Right Rich, Excel Wave and Wealth Express are wholly-owned and controlled by Mr. KONG Jiantao. By virtue of the SFO, Mr. KONG Jiantao is deemed to be interested in the Shares in which Right Rich, Excel Wave and Wealth Express are interested.

(3) On 14 October 2020, Plus Earn, Hero Fine, Right Rich, Excel Wave, Wealth Express and Peace Kind entered into the Shareholders' Agreement, pursuant to which, among other things, the parties thereto shall vote at general meetings of the Company according to the instruction of whichever party thereto holds the most Shares from time to time. As such, by virtue of the SFO, each of Plus Earn, Hero Fine, Right Rich, Excel Wave, Wealth Express, Peace Kind, Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan is deemed to be interested in the total number of Shares directly held by Plus Earn, Hero Fine, Right Rich, Excel Wave, Wealth Express and Peace Kind.

(4) Mr. KONG Jianmin (a Non-executive Director) is the sole director of Plus Earn and Hero Fine, and Mr. KONG Jiannan (an Executive Director) is the sole director of Peace Kind.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Interim Dividend

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

Corporate Governance

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. During the six months ended 30 June 2024, the Company has applied the principles of good corporate governance and complied with the code provisions as set out in Part 2 of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules, save for the deviations for reasons set out below. The Company will continue to review and monitor its corporate governance practices to ensure the compliance of the CG Code.

Code provision C.1.6 of Part 2 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and code provision F.2.2 of Part 2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. Mr. KONG Jianmin, a Non-executive Director and the chairman of the Board, was unable to attend the annual general meeting of the Company convened and held on 5 June 2024 due to his other business engagements. In the absence of Mr. KONG Jianmin from the annual general meeting, Mr. KONG Jiannan, an Executive Director, acted as the chairman of the annual general meeting to ensure an effective communication with the Shareholders. Mr. KONG Jianmin has also followed up with Mr. KONG Jiannan for any opinions or concerns of the Shareholders expressed at the annual general meeting afterwards.

Updated Information on the Directors and the Chief Executive Officer pursuant to Rule 13.51B(1) of the Listing Rules

Save as set out below, since the date of the Company's 2023 annual report and up to the date of this interim report, there is no other change in the information of the Directors and the Chief Executive Officer of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

- Ms. NG Yi Kum has resigned as an executive director, the deputy chairman, the chief strategy officer and chief financial officer and the company secretary of Tse Sui Luen Jewellery (International) Limited (謝瑞麟珠寶(國際)有限公司) ("**TSL**") with effect from 27 May 2024. Following her resignation, she acted as a consultant of TSL until 30 June 2024.

- Mr. WANG Jianhui has resigned as the Chief Executive Officer of the Company with effect from 29 August 2024.

- Mr. WANG Zhongqi has been appointed as the Chief Executive Officer of the Company with effect from 29 August 2024. For details, please refer to the announcement of the Company dated 27 August 2024.

Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. In response to the specific enquiry made by the Company, all Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2024.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024. As at 30 June 2024, the Company did not hold any treasury shares.

Audit Committee

The audit committee of the Company (the "**Audit Committee**") comprises three members who are Independent non-executive Directors.

The Audit Committee has reviewed the 2024 interim report.

Employees and Remuneration Policy

As at 30 June 2024, the Group had 16,143 employees (as at 31 December 2023: 16,814 employees). Compensation for employees of the Group is made with reference to the market as well as individual performance and contributions, and extensive use of bonuses to link performance with reward is adopted. The Group reviews the remuneration policies and packages on a regular basis and make necessary adjustments that accommodate the pay levels in the industry. In addition to basic salaries, the Group also provides comprehensive benefit packages and career development opportunities, including performance-based bonus payments, share options, share awards, retirement schemes, medical benefits, and both internal and external training appropriate to individual needs.

Significant Investments held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

There were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures, nor was there any plan authorised by the Board for other material investments or additions of capital assets during the six months ended 30 June 2024.

Update on Certain Acquisitions in Prior Years

(a) Acquisition of Shanghai Shenqin

Reference is made to the announcement of the Company dated 29 June 2021 (the "**Shanghai Shenqin Announcement**"), in relation to the acquisition of 80% of the equity interest in Shanghai Shenqin Property Management Service Co., Ltd. ("**Shanghai Shenqin**") by the Group. Pursuant to the acquisition agreement, Shanghai Shenqin should achieve certain guaranteed revenue and profit for the years ended 31 December 2021, 2022 and 2023. Based on the audit of Shanghai Shenqin, the guaranteed revenue and net profit for the respective guarantee period have been fulfilled, but not to such extent so as to unlock the Performance Bonus (as defined in the Shanghai Shenqin Announcement). Thus, no Net Profit Compensation and Revenue Compensation (as defined in the Shanghai Shenqin Announcement) shall be made by the Group.

(b) Acquisition of Living Technology

Reference is made to the announcement of the Company dated 18 January 2021, in relation to the acquisition of 80% of the equity interest in Living Technology Co., Ltd. (formerly known as Cedar Technology Group Co., Ltd.), ("**Living Technology**") by the Group. Pursuant to the acquisition agreement, Living Technology's audited net profit (the "**Audited Net Profit**") for the financial years ended 31 December 2021 and 2022 should increase by not less than 5% as compared to that of the immediate preceding financial year, and the Company should recognise receivables from or payables to the vendor based on the shortfall or excess of the guaranteed net profit of Living Technology. It was also agreed in the acquisition agreement that such Audited Net Profit for each relevant period shall be determined by qualified auditors within three (3) months after the end of 31 December 2021 and 2022, respectively. As at the date of this interim report, the Audited Net Profit for the year ended 31 December 2021 has been determined without any dispute. For the Audited Net Profit for the year ended 31 December 2022, since the beginning of 2023, the Group has commenced the audit work of Living Technology and has been in active negotiation with the original vendor to the acquisition of Living Technology (the "**Vendor**"). However, the parties have not reached consensus on the recoverability of the outstanding property management fees due from third party landlords and the relevant guarantors (as landlords) (the "**Receivables**"). In the event that the Group is unable to recover the Receivables, Living Technology shall make provision for impairment of the Receivables (the "**Impairment**"), which will in turn adversely affect the Audited Net Profit for the year ended 31 December 2022 and may trigger compensation mechanism under the relevant financial guarantees. Although the Vendor advised to the Group that the Receivables could be fully recovered (i.e. no or minimal Impairment is required), the Group considers that prudent monitoring process on the recoverability of the Receivables shall be in place.

To keep track of the recovery progress of the Receivables, since the second half of 2023, the Group has (among others) sent legal letters to the relevant landlord and arranged professional debt collection teams to collect payments. However, the Group considers that the recovery rate is not satisfactory. Thus, to ensure the accuracy of the Audited Net Profit so as to determine whether the compensation mechanism is triggered, the Group has decided to continue to recover the outstanding Receivables and monitor the progress for a further period of six months to one year from August 2024 which it considers is in the best interest of the Company and the Shareholders as a whole. The Company also considers that the term of the financial guarantees under the acquisition agreement remains the same as the delay in the issuance of the relevant audit report has no impact on the formula or the compensation mechanism to the financial guarantees stipulated thereunder. Up to the date of this interim report, the Group has been regularly negotiating with the Vendor on the status of the Receivables and the appropriate Impairment to be made.

If, thereafter, the Company still fails to reach consensus with the Vendor on the Impairment, the Company can initiate legal proceedings or arbitration against the Vendor and the relevant guarantors to request for the engagement of an independent accounting firm to conduct a final audit in respect of the financial guarantees of Living Technology for the year ended 31 December 2022 and determine the relevant amount of bonus or compensation based on such audit result. It will make further announcement(s) as and when appropriate to inform the Shareholders and potential investors in relation to the actual performance of Living Technology for the year ended 31 December 2022 pursuant to the Listing Rules when the profit specific audit report of Living Technology becomes available.

Use of Net Proceeds from the Listing

The shares of the Company were listed on the Main Board of the Stock Exchange on 30 October 2020 by way of Global Offering (as defined in the prospectus of the Company dated 19 October 2020, the "**Prospectus**"), raising the total net proceeds (after deducting professional fees, underwriting commissions and other related listing expenses) of approximately HK$2,913.1 million (the "**Net Proceeds**"). For details of the original proposed allocation of the Net Proceeds, please refer to the section headed "Future Plans and Use of Proceeds — Use of Proceeds" in the Prospectus.

On 29 June 2021, the Group resolved to revise the allocation of the Net Proceeds due to business expansion. Details of the re-allocation are set out in the Company's announcement dated 29 June 2021.

On 10 January 2022, the Board resolved to further adjust the allocation proportion of the Net Proceeds due to business expansion as set out in the announcement of the Company dated 10 January 2022 (the "**Announcement**").

As at 30 June 2024, an analysis of the utilisation of the Net Proceeds is as follows:

Use of the Net Proceeds as set out in the Announcement	Revised allocation as stated in the Announcement HK$ million	Unutilised or unplanned Net Proceeds as at 1 January 2024 HK$ million	Utilised Net Proceeds during the six months ended 30 June 2024 HK$ million	Unutilised or unplanned Net Proceeds as at 30 June 2024 HK$ million
To pursue strategic acquisitions and investment opportunities	2,703.4	—	—	—
To upgrade the intelligent service systems:				
— to purchase and upgrade hardware, establish smart terminal equipment and Internet of Things Platform	84.2	73.4	1.1	72.3
— to develop and upgrade the intelligence service systems	36.4	—	—	—
Diversification into value-added services:				
— to cooperate with companies that provide complementary community products and services	36.4	36.4	—	36.4
For general corporate purposes and working capital	52.7	—	—	—
Total	2,913.1	109.8	1.1	108.7

Barring unforeseen circumstances, based on the Directors' best estimation, the unutilised or unplanned Net Proceeds will be applied according to the intentions disclosed above before 31 December 2025. However, the actual timing for utilising the Net Proceeds may change.

Significant Events after the Reporting Period

There were no material events of the Group subsequent to 30 June 2024 and up to the date of this interim report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
REVENUE	4	**1,923,371**	1,888,073
Cost of sales		**(1,359,398)**	(1,291,961)
Gross profit		**563,973**	596,112
Other income and gains	4	**8,770**	26,404
Selling and distribution expenses		**(2,768)**	(1,980)
Administrative expenses		**(238,960)**	(262,081)
Other expenses, net		**(220,402)**	(219,678)
Finance costs	6	**(17,455)**	(17,647)
Share of profit of:			
Joint ventures		**4,174**	781
Associates		**1,301**	1,222
PROFIT BEFORE TAX	5	**98,633**	123,133
Income tax expense	7	**(28,741)**	(41,576)
PROFIT FOR THE PERIOD		**69,892**	81,557
Attributable to:			
Owners of the parent		**57,838**	62,570
Non-controlling interests		**12,054**	18,987
		69,892	81,557
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic (expressed in RMB cents per share)	9	**2.85**	3.09
Diluted (expressed in RMB cents per share)	9	**2.85**	3.09

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**69,892**	81,557
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(10,383)**	(45,938)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(10,383)**	(45,938)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**16,834**	75,147
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**16,834**	75,147
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**6,451**	29,209
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**76,343**	110,766
Attributable to:		
Owners of the parent	**64,289**	91,779
Non-controlling interests	**12,054**	18,987
	76,343	110,766

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		72,375	78,885
Investment properties		4,722	4,722
Goodwill	10	1,288,462	1,343,904
Other intangible assets	11	485,679	570,414
Investment in joint ventures		8,565	7,490
Investment in associates		7,265	7,626
Deferred tax assets		268,988	230,864
Other non-current assets		7,991	8,000
Total non-current assets		2,144,047	2,251,905
CURRENT ASSETS			
Trade receivables	12	2,851,019	2,441,232
Prepayments, other receivables and other assets		766,475	752,009
Restricted cash		6,858	6,323
Cash and cash equivalents		1,268,529	1,442,889
Total current assets		4,892,881	4,642,453
CURRENT LIABILITIES			
Trade payables	13	595,829	534,764
Other payables and accruals		1,178,530	1,186,252
Contract liabilities	4	301,752	258,809
Lease liabilities		3,947	3,622
Interest-bearing bank and other borrowings	14	156,840	148,020
Tax payable		459,389	421,097
Total current liabilities		2,696,287	2,552,564
NET CURRENT ASSETS		2,196,594	2,089,889
TOTAL ASSETS LESS CURRENT LIABILITIES		4,340,641	4,341,794

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		4,142	3,139
Interest-bearing bank and other borrowings	14	455,469	488,989
Deferred tax liabilities		117,860	140,263
Total non-current liabilities		577,471	632,391
Net assets		3,763,170	3,709,403
EQUITY			
Share capital	15	17,568	17,568
Reserves		3,443,105	3,377,893
Equity attributable to owners of the parent		3,460,673	3,395,461
Non-controlling interests		302,497	313,942
Total equity		3,763,170	3,709,403

Kong Jiannan
Director

Yang Jingbo
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent									
	Share capital RMB'000 (Unaudited)	Share premium RMB'000 (Unaudited)	Capital reserve RMB'000 (Unaudited)	Employee share-based compensation reserve RMB'000 (Unaudited)	Statutory surplus funds RMB'000 (Unaudited)	Exchange reserve RMB'000 (Unaudited)	Retained profits RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	Non-controlling interests RMB'000 (Unaudited)	Total equity RMB'000 (Unaudited)
At 1 January 2024	17,568	2,189,462	(8,222)	7,319	126,846	(20,013)	1,082,501	3,395,461	313,942	3,709,403
Profit for the period	—	—	—	—	—	—	57,838	57,838	12,054	69,892
Other comprehensive income for the period:										
Exchange differences on translation into presentation currency	—	—	—	—	—	6,451	—	6,451	—	6,451
Total comprehensive income for the period	—	—	—	—	—	6,451	57,838	64,289	12,054	76,343
Contribution from a shareholder	—	—	595	—	—	—	—	595	—	595
Payment of share-based compensation expenses	—	—	—	328	—	—	—	328	—	328
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	(23,499)	(23,499)
At 30 June 2024	17,568	2,189,462	(7,627)	7,647	126,846	(13,562)	1,140,339	3,460,673	302,497	3,763,170
At 1 January 2023	17,568	2,189,462	(221,220)	9,969	104,657	(33,210)	1,074,387	3,141,613	286,906	3,428,519
Profit for the period	—	—	—	—	—	—	62,570	62,570	18,987	81,557
Other comprehensive income for the period:										
Exchange differences on translation into presentation currency	—	—	—	—	—	29,209	—	29,209	—	29,209
Total comprehensive income for the period	—	—	—	—	—	29,209	62,570	91,779	18,987	110,766
Contribution from a shareholder	—	—	595	—	—	—	—	595	—	595
Payment of share-based compensation expenses	—	—	—	(2,166)	—	—	—	(2,166)	—	(2,166)
Derecognition of the obligation of acquisition of the non-controlling interests of a subsidiary	—	—	211,809	—	—	—	—	211,809	—	211,809
At 30 June 2023	17,568	2,189,462	(8,816)	7,803	104,657	(4,001)	1,136,957	3,443,630	305,893	3,749,523

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**98,633**	123,133
Adjustments for:			
Finance costs	6	**17,455**	17,647
Share of profit of:			
Joint ventures		**(4,174)**	(781)
Associates		**(1,301)**	(1,222)
Interest income	4	**(1,340)**	(1,788)
Income from wealth management financial products		**—**	(697)
Gain on disposal of property, plant and equipment, net	5	**(181)**	(185)
Depreciation of property, plant and equipment	5	**12,102**	15,816
Amortisation of other intangible assets	5	**60,274**	66,341
Impairment losses on financial assets, net		**128,727**	128,754
Impairment losses on goodwill	5	**55,442**	79,723
Impairment losses on other intangible assets	5	**30,865**	—
Share-based compensation expenses		**923**	1,564
Loss on disposal of a joint venture		**1,188**	—
Cash flows from operations before changes in working capital		**398,613**	428,305
Changes in working capital		**(449,812)**	(567,498)
Cash used in operations		**(51,199)**	(139,193)
Interest received		**1,340**	1,788
Interest paid		**(144)**	(385)
Income tax paid		**(50,976)**	(74,671)
Net cash flows used in operating activities		**(100,979)**	(212,461)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries		–	(49,800)
Purchase of property, plant and equipment		(3,955)	(5,065)
Purchase of other intangible assets	11	(6,549)	(437)
Investment in an associate		–	(240)
Purchase of wealth management financial products		–	(50,000)
Disposal of wealth management financial products		–	50,000
Income received from wealth management financial products		–	697
Cash advances made to related parties		(27,054)	(32,190)
Repayment from related parties		27,245	32,557
Proceeds from disposal of property, plant and equipment		854	2,955
Dividend received from an associate		1,661	–
Proceeds from disposal of a joint venture		764	–
Net cash flows used in investing activities		(7,034)	(51,523)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of bank and other borrowings		40,000	607,835
Repayment of bank and other borrowings		(64,700)	(517,164)
Principal portion of lease payments		(838)	(4,761)
Dividends paid to non-controlling shareholders		(23,499)	–
Interest paid		(17,311)	(17,262)
Net cash flows (used in)/from financing activities		(66,348)	68,648
NET DECREASE IN CASH AND CASH EQUIVALENTS		(174,361)	(195,336)
Cash and cash equivalents at beginning of the period		1,442,889	1,847,501
Effect of foreign exchange rate changes, net		1	35
CASH AND CASH EQUIVALENTS AT END OF PERIOD		1,268,529	1,652,200
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,268,529	1,652,200
Cash and cash equivalents as stated in the statement of financial position and statement of cash flows		1,268,529	1,652,200

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. Corporate and Group Information

KWG Living Group Holdings Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands on 11 September 2019. Its registered address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the six months ended 30 June 2024, the Company and its subsidiaries (collectively the "**Group**") were involved in the provision of residential property management services and non-residential property management and commercial operational services in the People's Republic of China (the "**PRC**").

In the opinion of the directors, the immediate and ultimate holding company of the Company was Plus Earn Consultants Limited ("**Plus Earn**"), which was incorporated in the British Virgin Islands ("**BVI**").

2.1 Basis of Presentation

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2024 (the "**Interim Financial Information**") has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting*.

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all HKFRSs, HKASs and Interpretations).

2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

2.2 Changes in Accounting Policies and Disclosures (Continued)

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

    The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. Operating Segment Information

For management purposes, the Group is organised into two reportable operating segments as below:

(a) Residential property management services; and

(b) Non-residential property management and commercial operational services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

The revenue from external customers reported to management is measured as segment revenue, which is the revenue derived from the customers in each segment.

No analysis of segment assets and segment liabilities is presented as this information is not regularly provided to the management for review.

The following is an analysis of the Group's revenue and results by operating and reportable segment:

Six months ended 30 June 2024

	Residential property management services RMB'000 (Unaudited)	Non-residential property management and commercial operational services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue	897,173	1,026,198	1,923,371
Segment result	183,669	208,192	391,861
Reconciliation:			
Interest income and unallocated income			8,770
Unallocated expenses			(284,543)
Finance costs			(17,455)
Profit before tax			98,633
Income tax expense			(28,741)
Profit for the period			69,892

3. Operating Segment Information (Continued)

Six months ended 30 June 2023

	Residential property management services RMB'000 (Unaudited)	Non-residential property management and commercial operational services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue	849,630	1,038,443	1,888,073
Segment result	203,347	203,155	406,502
Reconciliation:			
Interest income and unallocated income			26,404
Unallocated expenses			(292,126)
Finance costs			(17,647)
Profit before tax			123,133
Income tax expense			(41,576)
Profit for the period			81,557

Geographical information

The Group's revenue from customers is derived solely from its operations and services rendered in Chinese Mainland, and the non-current assets of the Group are mainly located in Chinese Mainland.

Information about major customers

For the six months ended 30 June 2024 and 2023, approximately RMB284,917,000 and RMB350,392,000 of revenue were derived from KWG Group Holdings Limited ("**KWG Holdings**") and its subsidiaries, joint ventures, associates and other related parties, respectively.

4. Revenue, Other Income and Gains and Contract Liabilities

Revenue from contracts with customers

Revenue comprised proceeds from residential property management services and non-residential property management and commercial operational services for the six months ended 30 June 2024 and 2023. An analysis of revenue is as follows:

(a) Disaggregated revenue information

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Types of services by segment		
Residential property management services		
Pre-sale management services	**44,183**	98,912
Property management services	**733,118**	653,398
Community value-added services	**119,872**	97,320
	897,173	849,630
Non-residential property management and commercial operational services		
Pre-sale management services	**11,088**	11,746
Property management services	**914,530**	908,573
Commercial operational services	**40,541**	60,709
Other value-added services	**60,039**	57,415
	1,026,198	1,038,443
Total revenue from contracts with customers	**1,923,371**	1,888,073

4. Revenue, Other Income and Gains and Contract Liabilities (Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Timing of revenue recognition		
Revenue from contracts with customers recognised over time	**1,825,684**	1,803,293
Revenue from contracts with customers recognised at a point in time	**97,687**	84,780
	1,923,371	1,888,073

Contract liabilities

The Group recognised the following revenue-related contract liabilities:

	As at 30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Third parties	**301,752**	258,150
Related parties (note 17)	**—**	659
	301,752	258,809

Contract liabilities of the Group mainly arise from the advance payments received from customers for services yet to be provided.

4. Revenue, Other Income and Gains and Contract Liabilities (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

For residential property management services and non-residential property management and commercial operational services, the Group recognised revenue in the amount that equals to the rights to invoices which corresponds directly with the value to the customers of the Group's performance to date. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts because the performance obligation is part of a contract that has an original expected duration of one year or less, and there was unsatisfied performance obligation at the end of the respective periods.

Other income and gains

An analysis of other income and gains is as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income	**1,340**	1,788
Government grants	**2,337**	13,709
Gain on disposal of property, plant and equipment, net	**181**	185
Late penalty income	**1,841**	1,492
Tax incentives on value-added tax*	**1,515**	6,458
Others	**1,556**	2,772
	8,770	26,404

* There are no unfulfilled conditions or contingencies relating to these incentives.

5. Profit Before Tax

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of services provided	**1,359,398**	1,291,961
Depreciation of property, plant and equipment*	**12,102**	15,816
Amortisation of other intangible assets**	**60,274**	66,341
Gain on disposal of property, plant and equipment, net	**(181)**	(185)
Employee benefit expense (excluding Directors' and chief executive's remuneration)*		
Wages and salaries	**543,662**	557,153
Share-based compensation expenses	**874**	1,342
Pension scheme contributions	**52,008**	50,475
Other employee benefits	**55,592**	57,983
	652,136	666,953
Impairment losses on goodwill***	**55,442**	79,723
Impairment losses on other intangible assets***	**30,865**	—
Net impairment losses recognised on financial assets:		
Trade receivables***	**127,021**	119,038
Other receivables***	**1,706**	9,716

* The depreciation of property, plant and equipment and employee benefit expense are included in "Cost of sales" and "Administrative expenses" in the condensed consolidated statement of profit or loss.

** The amortisation of other intangible assets is included in "Administrative expenses" in the condensed consolidated statement of profit or loss.

*** Impairment losses on goodwill, impairment losses on other intangible assets and net impairment losses recognised on trade receivables and other receivables are included in "Other expenses, net" in the condensed consolidated statement of profit or loss.

6. Finance Costs

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**17,311**	17,262
Interest on lease liabilities	**144**	385
	17,455	17,647

7. Income Tax

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the BVI, the entities of the Group which were incorporated in the Cayman Islands and the BVI are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2024.

The income tax provision of the Group's subsidiaries established in the PRC in respect of its operation in Chinese Mainland was calculated at the tax rate of 25% on their assessable profits for the six months ended 30 June 2024, if applicable, based on the existing legislation, interpretations and practice in respect thereof. Certain subsidiaries of the Group operating in the PRC enjoyed a preferential corporate income tax rate of 15% during the six months ended 30 June 2024.

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current	**89,268**	97,267
Deferred	**(60,527)**	(55,691)
	28,741	41,576

8. Dividends

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

9. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic and diluted earnings per share amount for the six months ended 30 June 2024, is based on the profit for the six months ended 30 June 2024 attributable to owners of the parent of approximately RMB57,838,000 (for the six months ended 30 June 2023: approximately RMB62,570,000), and the weighted average number of shares of 2,025,858,916 (for the six months ended 30 June 2023: 2,025,858,916) in issue during the six months ended 30 June 2024.

10. Goodwill

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
At beginning of the period/year:		
Cost	1,743,159	1,743,159
Accumulated impairment	(399,255)	(143,415)
Net carrying amount	1,343,904	1,599,744
Net carrying amount at beginning of the period/year	1,343,904	1,599,744
Impairment during the period/year	(55,442)	(255,840)
Net carrying amount at end of the period/year	1,288,462	1,343,904
At end of the period/year:		
Cost	1,743,159	1,743,159
Accumulated impairment	(454,697)	(399,255)
Net carrying amount	1,288,462	1,343,904

11. Other Intangible Assets

	Property management contracts RMB'000 (Unaudited)	Customer relationships RMB'000 (Unaudited)	Software RMB'000 (Unaudited)	Non-compete agreements RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
30 June 2024					
Cost at 1 January 2024, net of accumulated amortisation	59,576	494,689	9,742	6,407	570,414
Additions	–	–	6,549	–	6,549
Disposal	–	–	(145)	–	(145)
Impairment	–	(30,865)	–	–	(30,865)
Amortisation provided during the period	(22,207)	(34,216)	(1,506)	(2,345)	(60,274)
At 30 June 2024	37,369	429,608	14,640	4,062	485,679
At 30 June 2024					
Cost	203,872	651,567	25,722	22,872	904,033
Accumulated amortisation	(166,503)	(191,094)	(11,082)	(18,810)	(387,489)
Accumulated impairment	–	(30,865)	–	–	(30,865)
Net carrying amount	37,369	429,608	14,640	4,062	485,679

11. Other Intangible Assets (Continued)

	Property management contracts RMB'000 (Unaudited)	Customer relationships RMB'000 (Unaudited)	Software RMB'000 (Unaudited)	Non-compete agreements RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
30 June 2023					
Cost at 1 January 2023, net of accumulated amortisation	114,739	563,162	9,585	11,097	698,583
Additions	—	—	437	—	437
Amortisation provided during the period	(28,544)	(34,179)	(1,273)	(2,345)	(66,341)
At 30 June 2023	86,195	528,983	8,749	8,752	632,679
At 30 June 2023					
Cost	203,872	651,567	16,672	22,872	894,983
Accumulated amortisation	(117,677)	(122,584)	(7,923)	(14,120)	(262,304)
Net carrying amount	86,195	528,983	8,749	8,752	632,679

12. Trade Receivables

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Related parties (note 17)	**2,086,983**	1,832,426
Third parties	**1,636,005**	1,353,754
	3,722,988	3,186,180
Less: Allowance for impairment of trade receivables	**(871,969)**	(744,948)
	2,851,019	2,441,232

12. Trade Receivables (Continued)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 1 year	**1,547,647**	1,364,665
1 to 2 years	**968,521**	909,555
2 to 3 years	**257,885**	117,031
Over 3 years	**76,966**	49,981
	2,851,019	2,441,232

13. Trade Payables

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Related parties (note 17)	**1,391**	201
Third parties	**594,438**	534,563
	595,829	534,764

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 1 year	**515,521**	459,382
1 to 2 years	**54,667**	50,069
2 to 3 years	**14,810**	16,399
Over 3 years	**10,831**	8,914
	595,829	534,764

14. Interest-bearing Bank and Other Borrowings

	As at 30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Current		
Bank and other borrowings — secured	42,460	37,898
Current portion of long-term bank and other borrowings — secured	114,380	110,122
	156,840	148,020
Non-current		
Bank and other borrowings — secured	455,469	488,989
	455,469	488,989
	612,309	637,009

Certain of the Group's bank and other borrowings and unutilised facilitates are secured by certain of the Group's revenue of certain service contracts amounting to approximately RMB176,553,000 as at 30 June 2024 (as at 31 December 2023: RMB161,163,000) and equity interests of certain subsidiaries of the Group.

As at 30 June 2024 and 31 December 2023, certain of the Group's bank loan is guaranteed by a related company.

As at 30 June 2024, the bank and other borrowings were denominated in RMB and carried interests at prevailing market rates range from 3.0% to 8.7% per annum (as at 31 December 2023: 4.9% to 8.7%).

15. Share Capital

	As at			
	30 June 2024		31 December 2023	
	No. of shares (Unaudited)	**HK$'000 (Unaudited)**	No. of shares (Audited)	HK$'000 (Audited)
Authorised:				
Ordinary shares at par value of HK$0.01 each	**10,000,000,000**	**100,000**	10,000,000,000	100,000

	As at					
	30 June 2024			31 December 2023		
	No. of shares (Unaudited)	**HK$'000 (Unaudited)**	**Equivalent to RMB'000 (Unaudited)**	No. of shares (Audited)	HK$'000 (Audited)	Equivalent to RMB'000 (Audited)
Issued and fully paid:						
Ordinary shares at par value of HK$0.01 each	**2,025,858,916**	**20,259**	**17,568**	2,025,858,916	20,259	17,568

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue (Unaudited)	**Share capital RMB'000 (Unaudited)**
At 31 December 2023 and 1 January 2024	**2,025,858,916**	**17,568**
At 30 June 2024	**2,025,858,916**	**17,568**

	Number of shares in issue (Unaudited)	Share capital RMB'000 (Unaudited)
At 31 December 2022 and 1 January 2023	2,025,858,916	17,568
At 30 June 2023	2,025,858,916	17,568

16. Commitments

At the end of the reporting period, the Group did not have any significant commitments.

17. Related Party Transactions

(a) Transactions with related parties

	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Residential property management service income:		
Subsidiaries, joint ventures and associates of KWG Holdings*	**141,465**	191,894
Non-residential property management and commercial operational service income:		
Subsidiaries, joint ventures and associates of KWG Holdings	**141,030**	157,329
Other related parties**	**2,422**	1,169
	143,452	158,498
Rental costs and expenses:		
Subsidiaries of KWG Holdings	**5,972**	5,050
Information technology expenses:		
KWG Holdings	**1,000**	1,000

* KWG Holdings is ultimately controlled by Plus Earn.

** Other related parties are entities that are controlled by Mr. KONG Jiantao, an executive director of KWG Holdings.

The prices for the above services fees and other transactions were determined in accordance with the terms mutually agreed by the contracting parties.

17. Related Party Transactions (Continued)

(b) Outstanding balances with related parties

	As at 30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Prepayments and receivables from related parties		
Other non-current assets		
Subsidiaries and joint ventures of KWG Holdings	8,195	8,000
Trade receivables		
Subsidiaries, joint ventures and associates of KWG Holdings	2,086,983	1,832,426
Prepayments and other receivables		
Subsidiaries and joint ventures of KWG Holdings	8,195	8,000
Payables to related parties		
Trade payables		
Subsidiaries and joint ventures of KWG Holdings	1,391	201
Other payables		
Subsidiaries and joint ventures of KWG Holdings	9,215	7,429
Lease liabilities		
Subsidiaries of KWG Holdings	867	965
Contract liabilities		
Subsidiaries and joint ventures of KWG Holdings	–	659

(c) Compensation of key management personnel of the Group

	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	5,111	5,574
Share-based compensation expenses	146	665
Pension scheme contributions	104	96
	5,361	6,335

18. Fair Value and Fair Value Hierarchy of Financial Instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)	**As at 30 June 2024 RMB'000 (Unaudited)**	As at 31 December 2023 RMB'000 (Audited)
Financial liabilities:				
Interest-bearing bank and other borrowings	**612,309**	637,009	**617,222**	647,473
	612,309	637,009	**617,222**	647,473

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the management of the Group. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the management of the Group. The valuation process and results are discussed with the management of the Group twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following method and assumption were used to estimate the fair values:

The fair values of the interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2024 was assessed to be insignificant.

As at 30 June 2024 and 31 December 2023, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

18. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

Liabilities for which fair values are disclosed:

As at 30 June 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Interest-bearing bank and other borrowings	–	617,222	–	617,222

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Interest-bearing bank and other borrowings	–	647,473	–	647,473

19. Approval of the Interim Financial Information

The Interim Financial Information was approved and authorised for issue by the Board on 27 August 2024.