



2023 Interim Report

Evergrande Property Services Group Limited

恒大物業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6666





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Corporate Information

Board of Directors

Executive Directors

Mr. Duan Shengli (*Chairman*)

Mr. Han Chao

Mr. Hu Xu

Non-executive Directors

Mr. Sang Quan

Mr. Lin Wuchang

Independent Non-executive Directors

Mr. Peng Liaoyuan

Ms. Wen Yanhong

Mr. Guo Zhaohui

Audit Committee

Ms. Wen Yanhong (*Chairman*)

Mr. Peng Liaoyuan

Mr. Guo Zhaohui

Remuneration Committee

Mr. Guo Zhaohui (*Chairman*)

Ms. Wen Yanhong

Mr. Han Chao

Nomination Committee

Mr. Duan Shengli (*Chairman*)

Mr. Peng Liaoyuan

Mr. Guo Zhaohui

Authorized Representatives

Mr. Duan Shengli

Mr. Fong Kar Chun, Jimmy

Company Secretary

Mr. Fong Kar Chun, Jimmy

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Principal Share Registrar and Transfer Office

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Computershare Hong Kong
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Hopewell Centre
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Hong Kong

Auditors

Prism Hong Kong and Shanghai Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal Advisers

Sidley Austin

Principal Banks

Bank of China Limited
Agricultural Bank of China Limited
Industrial and Commercial Bank of
China Limited
China Construction Bank Corporation
Shanghai Pudong Development Bank Co., Ltd.

Stock Code on Main Board of the Stock Exchange of Hong Kong Limited

6666

Company's Website

www.evergrandeservice.com

Chairman's Statement

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of the Evergrande Property Services Group Limited (“**Evergrande Property Services**” or the “**Company**”, together with its subsidiaries, the “**Group**”), I am pleased to present the interim results of the Group for the six months ended 30 June 2023 (the “**Period**”).

In 2023, the Group is at a new development stage. Facing capital retreat in the property management industry, the slowdown in IPO market and the deceleration of the “business competition and enclosure system (跑馬圈地)”, we have seriously reconsidered the nature of the property management industry, and we will no longer blindly pursue the rapid expansion of scale, bid farewell to the extensive growth strategy, and instead pursue a more sustainable development with emphasis on high standard, high quality and good effectiveness. The Group will continue to persistently hold the original aspiration on servicing, stay focused on the delivered service quality, and uphold “consolidating fundamentals, improving efficiency, stabilizing growth and seeking breakthroughs” as guidance, the Group will continue to create the ultimate service experience, push forward lean operations, and continue to innovate its service initiatives, so as to make a comprehensive shift from “fast” scale growth to “good” business development and to consolidate the foundation of its development; and the Group will enhance the market-oriented expansion capability for embarking on a new journey of high quality and independent development progressively.

With the concerted efforts of all staff, the Group's performance in the first half of the year was robust. As at 30 June 2023, the Group had a total contracted area of approximately 812 million sq.m., with approximately 509 million sq.m. under management; the Group's newly expanded contracted area during the Period was approximately 15.14 million sq.m., of which the contracted area from third parties accounted for approximately 93.3%. For the six months ended 30 June 2023, the Group achieved operating revenue of approximately RMB6,145.1 million, representing a period-on-period increase of approximately 6.2%. Among them, revenue from basic property management services and community value-added services amounted to approximately RMB6,103.3 million in total, accounting for approximately 99.3% of the Group's total revenue. The Group is committed to catering the diversified and multi-servicing level living needs of its customers, effectively enhancing the value of its services and contributing to a steady increase in the Group's performance. Profit showed a resilient growth. For the six months ended 30 June 2023, the Group's profit improved significantly as compared with the corresponding period in 2022, of which, gross profit was approximately RMB1,499.2 million, gross profit margin was approximately 24.4%, representing a period-on-period increase of approximately 2.2 percentage points; net profit was approximately RMB790.3 million, net profit margin was approximately 12.9%, representing a period-on-period increase of approximately 3.0 percentage points. Profit attributable to owners of the Company was approximately RMB781.3 million and basic earnings per share was approximately RMB0.07.





In retrospect, the Group suffered significant losses due to the liquidity crisis of related parties and the “RMB13.4 billion deposit pledge” incident. The Group has responded positively and took certain measures to ensure the continued steady operation of the Company. After unremitting efforts, the Company has successfully resumed trading in its shares on 3 August 2023. We firmly believe that short-term headwinds will not hinder the long-term growth trend of the Company, and the Group will be maintaining its strategic focus, developing innovative ideas, seeking progress amidst stability, and solidifying stability amidst progress. These can transform Evergrande Property Services towards a new mode focusing on high quality and independent development.

The Group will focus on strengthening its foundation in terms of quality, striving for excellence in polishing its standardized service system and consolidating its basic services in a comprehensive manner. The Group will continue to focus on customers, take the fineness of service and standardisation as a key, gain deep insight into customer needs, analyze the various elements of customer expectations, constantly refine the granularity of services, and continue to push forward the refinement of service standards and daily refinement of services by setting standards, grasping the quality and setting up benchmarks, so as to comprehensively consolidate the essence of property services. At the same time, we capture the high-frequency service touchpoints of the property owners, carefully design service contents, carry out personalized customized services, and improve service targeting. Through the development of service scene integration and innovation, driving the operation system to keep in pace with the times, creating project management features and service brands, the Group is able to meet the diversified and quality needs of different groups.

The Group will endeavor to innovate and create efficiencies, deepen value-added services with intensive cultivation and promote service upgrading in a diversified manner. Under the current policy of “promoting consumption and expanding domestic demand”, the Group has been continuing to cultivate the “property services + life services” model, taking serving property owners as the fundamental starting point, exploring residents’ needs for diversified community value-added services, and focusing on the growth cycle of the community and the various scenarios deriving from the life of the community. The Group has been continuously exploring value-added services that are in-depth compatible with the needs of the property owners, to enhance the penetration rate, the conversion rate and the re-purchase rate of the customers in the community and its vicinity through various measures, in order to enhance the loyalty of the customers. Meanwhile, through multi-dimensional cooperation in securing quality supply chain resources in the market, the Group has continued to consolidate its advantageous businesses, optimizing its profit model, improving and strengthening its value-added businesses, and facilitating the rapid development of its property services in the direction of full chain, full range and full cycle.

The Group will focus on market-oriented development and steadily increase the third-party management area to achieve scale expansion with high quality. The Group will continue to focus on the diversified brand development strategy of “Jinbi+ (金碧+)”, and with its professional service level, full chain service system and fully entrusted operation mode, it will carry out in-depth city cultivation based on its nationwide layout, focusing on both the stock and incremental markets, and exploring high-value targets, and at the same time, leveraging on the experience and technology of the merged and acquired companies, it will lay out a wide range of non-residential businesses to optimize the structure of diversified businesses, make up for the shortcomings in regional competition, enhance the density of project management, optimize the strategic layout in multiple dimensions, so as to continuously enhance its influence in the industry and competitiveness in the market, grow in scale with high quality, and continue to maintain its leading position in the industry.

The Group will endeavor to build up its team and create a “frontline” culture to facilitate the growth of corporate resilience. The Group has always regarded the construction of the talent team as a top priority for corporate development, actively absorbed and cultivated professional talents, introduced high-quality talents through multiple channels, and continue to deepen its management capabilities in industry subdivision and specialized fields through systematic, scientific and practical empowerment and training, so as to build an elite team that is “daring to commit, pioneering, business-savvy, and highly professional (敢於承擔、開拓進取、懂業務、強專業)”, which will provide the driving force for the development of the enterprise. At the same time, we insist on “asking for advice from the grassroots (問計於基層)” and attach importance to sorting out problems, replicating and sharing experiences. We firmly believe that “sitting in the office is all about problems, but going deep into the grassroots is all about solutions (坐在辦公室碰到的都是問題,深入基層看到的全是辦法)”. We require management staff at all levels to continue to go to the front line of the project to find deficiencies, collate highlights, listen to the real voice of the front line and rationalized suggestions, strengthen the service consciousness of management staff at all levels to the front line, enhance the management level of the Group, ensure the continuous output of high-quality services to the property owners, and help the Company to achieve sustainable and steady operation.

The Group will steadfastly pursue the path of “quality development”, prudently operate on the work mindset of “seeking progress amidst stability”, with strategic determination and innovative thinking, consolidate service quality, enhance operational capabilities, refine internal management, ensure steady operation and promote the Group to achieve higher quality and more sustainable development with working on key issues and concentrated efforts.





Finally, on behalf of the Board, I would like to thank all our staff and management team for their contribution to the development of the Company and I would also like to express my sincere gratitude to all our shareholders and stakeholders for their trust and support.

Duan Shengli

Chairman of the Board

Hong Kong, 24 August 2023

Management Discussion and Analysis

BUSINESS REVIEW

Quality service to strengthen the foundation

The Group has always adhered to the service philosophy of “to customers, to the frontline”, and has continued to refine its property services and enhance customer experience. During the Period, the Group implemented measures for projects with different attributes and at different stages, deepened the design of service products based on customers’ needs and key service touchpoints, and effectively enhanced the quality of customer services through the implementation of the “daily actions must be carried out by frontline positions (一線崗位每日必行)” and the “golden butler passing on the helping hands (金管家傳幫帶)” talent cultivation models, so as to continuously polish the high quality of its service force. Meanwhile, the Group launched thematic activities such as “safety production month”, “100 days actions of environmental enhancement”, “Friends and Neighbours Festival in Warm Winter (暖冬友鄰節)” and “Joyful Friends and Neighbours Festival (悅動友鄰節)” to mobilize the participation of all elements of the community, forming a community action of communion and sharing, and enhancing the property owners’ sense of experience and gain.

In-depth development of value-added services

The Group continues to deepen its services through value-added services while consolidating its service fundamentals. By combining in-depth exploration of property scenarios, refining customers’ consumption needs, expanding the types of services in a targeted manner, and deeply coupling service products with customers’ needs, the Group develops value-added businesses with characteristics such as high frequency, high adhesion and high repurchase rate.

Strengthen the advantageous business. Focusing on the core demand of property owners of “products to home + services to home” and taking word-of-mouth as the starting point, the Group focused on key capabilities such as customer research capability, product development, supply chain integration and implementation, to create a four-good model of “good products + good services + good teams + good platforms”, and strengthened high-frequency and just-demanding businesses such as community group purchase and services to home. During the Period, the Group made efforts in the community group purchase business, further strengthened supply chain integration, optimized product selection and distribution capabilities, built a three-dimensional marketing network, utilized diversified sales scenarios such as offline promotion, online shopping malls, live streaming of goods, community group, shop sales, etc., to effectively enhance service penetration and repurchase rate of property owners, with revenue of the Period increasing by approximately 230.8% as compared with the corresponding period in 2022; the Group continued to build the “Jinbi to Home (金碧到家)” living services brand, and promoted the quality and expansion of services to home through the introduction of professional talents and the strengthening of resource integration capabilities, with revenue for the Period increasing by approximately 96.9% as compared with the corresponding period in 2022.



Optimization of business model. The Group optimized the asset operation, home decoration and home furnishing and other businesses, by strengthening the internal resource inventory, deepening the construction of supplier channels and continuing to optimize the business processes and standards of space and asset operation. During the Period, the Group actively laid out the housing rental and sales business, driven by the dual-wheel drive of self-operated mode and cooperative operation mode, and established “Property Rental and Sales Centres” in key cities, achieving faster growth through professional and standardized operation, with revenue for the Period increasing by approximately 66.7% as compared with the corresponding period in 2022.

Exploring potential businesses. The Group explored the core needs of the residents under the “silver-haired economy” and “tourism economy”, and with the goal of “do one, get one (做一個成一個)”, and formed a specialized business “Flying Tigers Team” to join hands with high-quality partners in various industries to do a good job in emerging businesses such as community recreation and community tourism. During the Period, the Group actively cooperated with head service providers of community tourism and community recreation to launch a number of speciality products, which were well received by users, further enriching the categories of community living services and building a convenient service circle with perfect functions and quality services.

Optimizing the development of the business structure

The Group has always regarded market-oriented expansion as the main growth method to enhance the scale and efficiency of management. In the first half of the year, the Group focused on the diversified brand development strategy of Jinbi+”, took into account multiple factors of the underlying projects, and while consolidating the basic base of residential scale, increased the expansion of quality inventory projects and non-residential businesses, and made new breakthroughs in intra-group synergies and cooperation with state-owned companies, thus realizing an orderly shift from “scaling up” to “efficiency and scaling up”. As at 30 June 2023, the Group’s newly expanded contracted area was approximately 15.14 million sq.m., of which contracted area from third parties accounted for approximately 93.3%.

The Group continued to lay out its non-residential business, linking its three independent brand companies (Yatai, Futian and JBL) to promote the layout of the entire region and the entire business by strengthening the linkage of resources from various parties, enhancing the synergy of the radiation of resources of the projects under its management, deepening the construction of the quality of service of the business, and creating a clear and replicable product system. During the Period, the Group expanded a total of 167 external projects with an annual saturation revenue exceeding RMB400 million, and successfully expanded a large number of landmark projects involving a wide range of businesses such as public buildings, railways, hospitals and industrial parks.

Talent empowered enterprise development

The Group attaches great importance to the training of talents, and has implemented the “Golden General Plan (金將計劃)”, which focuses on the operational standards and professional skills of frontline services, strengthened the construction of the faculty and improved the curriculum system. Meanwhile, the Group has changed the original mode of single assessment by business and implemented comprehensive assessment and incentives of operating budgets with the smallest unit of projects to improve the motivation of the team and help frontline management to promptly change their thinking, concepts and roles from “managers” to “operators”, so as to realize the bidirectional enhancement of the Group’s management services and operation level.

FUTURE DEVELOPMENT AND PLANNING

Preserve the upright and innovate, adherence to quality service, focus on satisfaction enhancement

With customer satisfaction as the core goal, the Group will continue to optimize its service standards and enhance its professionalism towards customers by focusing on frontline high-frequency service scenarios. At the same time, the Group will actively implement benchmarking and upgrading actions to improve service effectiveness through organizational adjustments, resource tilting, process re-engineering and professional empowerment, so as to effectively guarantee high-quality services. The Group will fully take into account the diversified and differentiated needs of its customers and carry out a series of customer relationship enhancement activities for different customer groups to highlight its differentiated service advantages. Meanwhile, the Group will strengthen cross-border cooperation with local public welfare and charitable organizations, continue to polish its product and service strengths in various fields, polish its “Jinbi+” service brand, and perform the “quality, category and brand” combination punch to help upgrade and refresh its brand.

Demand-orientated, focusing on capability breakthroughs to create a better “Jinbi Home”

The Group will focus on the “property services + living services” model, continue to strengthen the resource synergy between basic property services and community value-added services, and build the “Jinbi Home” good living services system around the diversified and multi-level living needs of customers, in order to deepen the competitiveness of value-added products. In the second half of the year, the Group will focus on breakthroughs in professional capabilities, systematically improve the quality of services, continue to optimize the operation modes of housing rental and sale, housekeeping services, home decoration and home furnishings, plough into the businesses of community group purchase and services to home, innovate a new mode of “community operation” services, build a three-dimensional service network of “mall + community + shop”, fully integrate the high-quality resources of online and offline channels, and meticulously build an integrated “online + offline” convenient consumption environment to continuously improve service penetration, repurchase rate and conversion rate to unleash the potential of profitability.





The Group will take serving the property owners as the fundamental starting point, focus on the community venue resources, realize the fine coordination of the national resources through information technology, promote the inventory and data analysis of the national resources, broaden the investment promotion channels, enhance the operating income of the community, and continue to use it to improve the community support facilities and co-create with the property owners to build a comfortable community with well equipped facilities, standardized order, beautiful ambience and cultural enrichment, so as to jointly enhance the convenience of living and the satisfaction of the property owners' life.

Adjustment of strategy to carry out value-added services to non-property owners based on the market-oriented principle

The Group will adjust its development strategy for value-added services to non-property owners, carry out related party services in accordance with market-oriented principles, and seek to provide value empower to a wide range of property developers with better service quality, and through this, gain more opportunities to broaden its property management projects.

Go steady and make progress, and increase market expansion efforts to promote steady growth in scale and efficiency

The Group will continue to focus on the diversified brand development strategy of “Jinbi+”, vigorously open up new information channels, improve the expand data analysis model, and review the project expansion and operation mode in multiple dimensions to strengthen the ability of project outreach and service premium. The Group will uphold the concept of quality and precision cultivation, ploughing into key regions and industries, screening and acquiring high-quality targets that are in line with the development direction of the Group and have close synergy value, so as to achieve efficient and precise project expansion, comprehensively enhance the Company's market-oriented growth momentum, and lead the long-term development of the enterprise.

Improve talent training, to achieve the same frequency resonance between the enterprise and employee growth

The Group focuses on building a talent highland for property enterprises, adheres to the principle of “appoint people according to their merits (任人唯賢)”, conduct regular talent inventory and organizational structure combing, deepen the multi-dimensional talent evaluation system oriented to capability, contribution and innovation value, establish an appropriately forward-looking hiring mechanism and a fault-tolerance mechanism, and fully stimulate the innovation and vitality of various types of talents. By creating a three-dimensional training map of hierarchical classification, we give our employees sufficient space for growth and professional ability training in various businesses, so as to continuously cultivate high-level, leading and professional composite talents for the enterprise, and to provide sustainable power for the sustainable development of the enterprise.

FINANCIAL REVIEW

Revenue

The Group's revenue was mainly derived from three business segments: (i) property management services; (ii) community value-added services; and (iii) value-added services to non-property owners. For the six months ended 30 June 2023, the Group's total revenue was approximately RMB6,145.1 million, representing a period-on-period increase of approximately 6.2%.

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

	For the six months ended 30 June 2023		For the six months ended 30 June 2022		
	Revenue (RMB'000)	Percentage of total revenue (%)	Revenue (RMB'000)	Percentage of total revenue (%)	Growth rate (%)
Property management services	5,024,605	81.8	4,676,572	80.8	7.4
Community value-added services	1,078,658	17.5	1,078,649	18.6	0.0
Value-added services to non-property owners	41,854	0.7	32,838	0.6	27.5
Total	6,145,117	100.0	5,788,059	100.0	6.2

(i) Property management services

During the Period, revenue from property management services amounted to approximately RMB5,024.6 million, representing a period-on-period increase of approximately 7.4%, which was mainly attributable to the increase in the area under management of the Group.

As of 30 June 2023, the Group had a total area under management of approximately 509 million sq.m., representing an increase of approximately 30 million sq.m. as compared with the total area under management of approximately 479 million sq.m. as at 30 June 2022.



During the Period, due to the liquidity crisis of related parties, the Group excluded the portion of revenue from property management services provided to related parties of approximately RMB214.0 million from its property management services revenue during the Period. In the event that this portion of revenue was not excluded, the property management services revenue was approximately RMB5,238.6 million.

(ii) Community value-added services

During the Period, community value-added services revenue amounted to approximately RMB1,078.7 million, which remained about the same as the corresponding period in 2022, but the overall structure was healthier and the quality of services provided was higher: (i) the Group focused on the development of community group purchasing and housekeeping services, which are closer to the life of the property owners, and the revenue from the community living services for the six months ended 30 June 2023 was higher than that for the corresponding period in 2022 by approximately 98.5%, and such business has become a new growth engine for the Group's performance; (ii) revenue from traditional community resources such as venue leasing and car parking space leasing decreased as compared with the corresponding period in 2022.

(iii) Value-added services to non-property owners

During the Period, revenue from value-added services to non-property owners amounted to approximately RMB41.9 million.

The table below sets out a breakdown of revenue by source of the Group's revenue for the periods indicated:

Sources of revenue	For the six months ended 30 June 2023		For the six months ended 30 June 2022		
	Revenue (RMB'000)	Percentage of total revenue (%)	Revenue (RMB'000)	Percentage of total revenue (%)	Growth rate (%)
Related parties	65,347	1.1	66,526	1.1	-1.8
Third party	6,079,770	98.9	5,721,533	98.9	6.3
Total	6,145,117	100.0	5,788,059	100.0	6.2

Note: Related parties refer to subsidiaries, joint ventures and associates of China Evergrande Group

During the Period, the Group's revenue from related parties amounted to approximately RMB65.3 million, which only accounted for approximately 1.1% of the total revenue, and the Group has basically detached from its reliance on the business of related parties. The Group is committed to continuously providing diversified services to its property owners, strengthening market-oriented development and enhancing the competitiveness of the Company.

Costs

The Group's costs include staff costs, greening and cleaning costs, facilities and equipment repair and maintenance costs, energy costs, taxes and other levies.

During the Period, due to the continuous expansion of the Group's fee-charging management area and the diversification of the Group's business, the corresponding increase in various types of costs, the Group's costs increased by approximately 3.1% to approximately RMB4,646.0 million during the Period from approximately RMB4,504.4 million for the corresponding period in 2022.

Gross profit and gross profit margin

The following table sets out the breakdown of gross profit and gross profit margin by the Group's business segments for the periods indicated:

	For the six months ended 30 June 2023		For the six months ended 30 June 2022	
	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)
Property management services	1,060,150	21.1	880,037	18.8
Community value-added services	435,119	40.3	400,644	37.1
Value-added services to non-property owners	3,895	9.3	2,980	9.1
Total	1,499,164	24.4	1,283,661	22.2



During the Period, the Group's overall gross profit was approximately RMB1,499.2 million, gross profit margin was approximately 24.4%, representing a period-on-period increase of approximately 2.2 percentage points.

1. In respect of property management services, the gross profit margin of the Group's property management services increased by approximately 2.3 percentage points from approximately 18.8% for the corresponding period in 2022 to approximately 21.1% for the Period. The increase in gross profit margin was mainly attributable to the Group's focus on quality scale expansion and proactive exit from projects with poor operating efficiency, as well as the increase in the cost control and enhancement of operational efficiency.
2. In respect of community value-added services, the gross profit margin of the Group's community value-added services increased by approximately 3.2 percentage points from approximately 37.1% for the corresponding period in 2022 to approximately 40.3% for the Period. The increase in gross profit margin was mainly attributable to (i) the Group's continuous optimization of its profitability model, combined with information technology to effectively reduce operating costs; and (ii) the effective reduction of marketing and promotional costs as the reputation of the business and the professionalism of the team improved.
3. In respect of value-added services to non-property owners, the gross profit margin of the Group's value-added services to non-property owners was 9.3%, basically unchanged from the corresponding period in 2022.

Administrative expenses

In order to further enhance the management effectiveness, the Group has filled some of its management personnel to the frontline to build up a more convenient and efficient management mode; meanwhile, the Group has deepened the application of technology and tightened the control of administrative and office expenses. During the Period, the administrative expenses of the Group decreased by approximately 6.0% from approximately RMB415.1 million for the corresponding period in 2022 to approximately RMB390.3 million for the Period.

Other income

During the Period, other income was approximately RMB79.2 million, representing an increase of approximately 6.5% as compared with approximately RMB74.4 million for the corresponding period in 2022. This was mainly due to (i) the consideration payment for the non-fulfilment of performance guarantee by some of the acquired subsidiaries, which should have been deducted in accordance with the terms of the Equity Transfer Agreement and was recognised as other income in current period; (ii) the increase in interest income due to the higher average balance of the Group's bank deposits as compared with the corresponding period in 2022; and (iii) the decrease in government subsidies in respect of the COVID-19 pandemic, value-added tax and other tax concession policy as compared with the corresponding period in 2022.

Income tax expenses

During the Period, the Group's income tax expense was approximately RMB234.1 million, representing a decrease of approximately RMB68.2 million as compared with approximately RMB302.3 million for the corresponding period in 2022, which was mainly due to the increase in deductible deferred tax for the Period as compared with the corresponding period in 2022.

Profit for the Period

During the Period, the Group recorded a net profit of approximately RMB790.3 million and a net profit margin of approximately 12.9%, representing an increase of approximately 3.0 percentage points as compared with the corresponding period in 2022, which was mainly attributable to the fact that the Group adhered to the principle of market-oriented development, continued to operate in a prudent manner, reduced costs and increased efficiency, and achieved good results.

During the Period, profit attributable to owners of the Company was approximately RMB781.3 million, representing an increase of approximately 43.1% as compared with approximately RMB546.1 million for the corresponding period in 2022.

Property, plant and equipment

The Group's property, plant and equipment mainly comprises buildings, machinery, vehicles, furniture, fixtures and equipment.

As at 30 June 2023, the net book value of the Group's property, plant and equipment was approximately RMB56.7 million, representing a decrease of approximately 1.7% as compared with approximately RMB57.7 million as at 31 December 2022, which was mainly attributable to the depreciation expenses of the assets provided in accordance with the accounting policy during the Period.





Right-of-use assets

The Group's right-of-use assets mainly comprise assets such as offices, staff quarters and operating shops leased by the Group. As at 30 June 2023, the Group's right-of-use assets amounted to approximately RMB50.0 million, representing a decrease of approximately RMB19.3 million as compared with approximately RMB69.3 million as at 31 December 2022, which was mainly attributable to the decrease in the remaining lease term of the operating lease assets.

Intangible assets

The Group's intangible assets include property contracts, customer relationships, software and goodwill.

As at 30 June 2023, the Group's intangible assets amounted to approximately RMB1,826.1 million, representing a decrease of approximately RMB160.9 million as compared with approximately RMB1,987.0 million as at 31 December 2022, which was mainly attributable to the impairment and amortization of approximately RMB160.0 million arising from goodwill, the customer relationship and property management contracts recognized by the acquired companies during the Period.

Trade and other receivables

As at 30 June 2023, the Group's trade receivables amounted to approximately RMB3,244.2 million, representing an increase of approximately RMB505.2 million as compared with approximately RMB2,739.0 million as at 31 December 2022, which was mainly attributable to the growth in the Group's total revenue and the increase in trade receivables arising from the new expansion of business during the Period.

Other receivables other than trade receivables increased by approximately RMB83.8 million from approximately RMB460.3 million as at 31 December 2022 to approximately RMB544.1 million as at 30 June 2023, which was mainly attributable to the increase in the balances of deposits and advances on behalf of property owners as a result of the Group's business expansion.

Trade and other payables

Trade and other payables include trade payables and other payables, of which other payables include provisional receipts, deposits payable, consideration payable for mergers and acquisitions, wages and benefits payable, dividends payable and taxes payable.

As at 30 June 2023, the Group's trade payables amounted to approximately RMB1,847.6 million, representing a decrease of approximately RMB65.8 million (approximately 3.4%) as compared with approximately RMB1,913.4 million as at 31 December 2022, which was mainly attributable to the Group's increased efforts in clearing its stock of liabilities.

Other payables decreased by approximately RMB149.7 million (approximately 5.0%) from approximately RMB3,011.9 million as at 31 December 2022 to approximately RMB2,862.2 million as at 30 June 2023, which was mainly due to the payment of consideration payable by the Group in respect of the acquisition transactions in prior years.

Contract liabilities

As at 30 June 2023, the Group's contract liabilities were approximately RMB2,496.8 million, representing a decrease of approximately RMB191.2 million as compared with approximately RMB2,688.0 million as at 31 December 2022, which was mainly attributable to the decrease in the prepayment of property service fees from customers due to the decrease in the newly delivered area during the Period.

Liquidity and financial resources

As at 30 June 2023, the Group's total bank deposits and cash (including the Group's cash and cash equivalents and restricted cash) amounted to approximately RMB1,672.5 million, representing an increase of approximately RMB16.5 million as compared with approximately RMB1,656.0 million as at 31 December 2022, which was mainly due to the increase in the net cash inflow generated from operating activities of the Group during the Period.

Of the Group's total bank deposits and cash, restricted bank deposits of approximately RMB62.5 million mainly represented the industry regulatory funds of Evergrande Insurance Agency Co., Ltd. deposits for the provision of property management services as required by local government authorities, cash restricted to projects managed on a remuneration basis only and funds for litigation preservation of some subsidiaries.

As at 30 June 2023, the Group had net current liabilities of approximately RMB2,525.9 million (31 December 2022: net current liabilities of approximately RMB3,321.4 million). The Group's current ratio (current assets/current liabilities) was approximately 0.69 times.

As at 30 June 2023, the Group had short-term borrowings of approximately RMB183.0 million and no long-term borrowings.

The Group recorded a deficiency in equity as at 30 June 2023 and therefore the gearing ratio (calculated as total borrowings less lease liabilities divided by total equity as at the date indicated) was not applicable.



MAJOR RISKS AND UNCERTAINTIES

The major risks and uncertainties faced by the Group are set forth below. Such factors are not exhaustive and therefore other risks and uncertainties may also exist.

Industry risks

The operation of the Group may be affected by the regulatory landscape of the industry and related measures. The main reason is that the fees charged by property management companies for management services are strictly monitored and supervised by relevant regulatory authorities. The business performance of the Group depends on contract area, chargeable area under management and the number of projects under management, but the business growth are affected and will likely continue to be affected by the People's Republic China (the "PRC") government's regulations on the industry where the Group belongs.

Business risks

Whether the Group can maintain or improve its current scale and operation level depends on whether it can effectively control operating costs. The Group's profit margin and operating results may be significantly and adversely affected by the increase in labor costs or other operating costs. The Group cannot guarantee that it will be able to secure new property service contracts according to its plan or pursuant to appropriate schedule and price. The Group may not be able to recover related income including property management fees from customers, resulting in possible impairment losses in receivables. The Group may face termination of some prior period property management service contracts due to the related parties and the progress of disposal of their assets, and may not be able to convert the contracted area in a timely and effective manner, and the delayed delivery by the related parties may also affect the improvement of the Group's collection rate; all of these will have a material adverse impact on the business, financial condition and results of operations.

Foreign exchange risks

The business of the Group is mainly located in China. Save for bank deposits denominated in foreign currencies, there is no major direct exchange rate fluctuation risk faced by the Group. During the Period, the Directors expected that the RMB exchange rate would not have a material adverse effect on the operations of the Group. Currently, the Group has not entered into contracts to hedge its exposure to foreign exchange risk, but the management will continue to monitor foreign exchange risks and adopt prudent measures to reduce potential exchange risks.

Risk of continuing as a going concern

The Group has incurred significant losses as a result of the “RMB13.4 billion deposit pledge” incident (the “Losses”). The Group’s ability to continue as a going concern is dependent on having sufficient working capital to meet its financial obligations as they fall due over the next twelve months. As stated in note 2 to the consolidated financial statements of the Group, the Group has taken certain measures to address the uncertainty in continuing as a going concern, including streamlining the Group’s operating costs, negotiating with suppliers and acquired companies on the extension of payment agreements, and enhancing internal controls to ensure the continued sound operation of the Company. The above measures have effectively alleviated the Group’s operating cash flow pressure. In addition to the above, the Group will continue to actively and diligently take various measures to recover the losses from China Evergrande Group and related parties, including discussing with China Evergrande Group on the repayment of the amount involved in the pledge, argumentative proceeding and other legal measures, however, subject to the liquidity crisis of the related party, the Group’s recovery of such Losses is subject to material uncertainties, and the Company will keep the market informed of any progress in a timely manner by way of further announcement(s).

PLEDGE OF ASSETS

As at 30 June 2023, the Group pledged 80% of the equity interest of its subsidiary, Ningbo Yatai Hotel Property Services Co., Ltd., as the security of a bank loan.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group had contingent liabilities of performance guarantee reward and profit sharing of both parties during the guarantee period agreed in the equity transfer agreement.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 30 June 2023, the Group did not have any significant investment, material acquisition or disposal of subsidiaries, associates or joint ventures.

HUMAN RESOURCES

As at 30 June 2023, the Group had approximately 82,836 employees. The employees were remunerated in accordance with the Group’s remuneration and welfare policies with reference to the positions of employees, performance, profitability of the Company, industry level and market environment.



The Group has to participate in social insurance contribution plans or other retirement plans organized by local governments, and make contributions to social insurance funds monthly on behalf of employees for the payment of pension funds, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident funds, or make contributions to mandatory provident fund for employees regularly.

Based on the three-level training mechanism of “headquarters-region-project”, the Group is committed to implement a campus recruitment programme for management trainees, trainings for new employees and key talent trainings. The Group organizes and conducts trainings on various professional skills, general aptitude, management ability and corporate culture in accordance with our business development needs and employee career planning, in order to improve the comprehensive quality and work capabilities of employees.

During the Period, all staff participated in training, with a total of over 452,000 hours of training and an average of 5.5 hours of training per person.

Corporate Governance and Other Information

SHARE OPTION SCHEME

The shareholders of the Company resolved at the extraordinary general meeting of the Company held on 10 May 2021 to adopt the share option scheme of the Company (the “**Share Option Scheme**”).

The purpose of the Share Option Scheme is to enable the Company to grant options to selected eligible participants as incentives or rewards for their contribution or potential contribution to the Group. The Directors consider that the Share Option Scheme will serve to motivate the eligible participants to contribute to the Group’s development. The Share Option Scheme, which will be in the form of options to subscribe for shares of the Company (the “**Shares**”), will enable the Group to recruit, incentivize and retain high-calibre staff, which the Directors consider that it is in line with modern commercial practice that eligible participants, which will include full or part-time employees, executives, officers or directors of the Group and any associated corporations of the Company and any advisers, consultants, agents, suppliers and joint venture partners who have contributed to the Group, be given incentives and align their interests and objectives with that of the Group.

The Share Option Scheme does not specify a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised. However, the rules of the Share Option Scheme provide that the Board may determine, at its sole discretion, such terms and conditions on the grant of an option provided that no option shall be exercised 10 years after they have been granted.

Based on the 10,810,811,000 Shares in issue as at the date of the extraordinary general meeting, the maximum number of Shares that may be issued upon exercise of the options granted under the Share Option Scheme is 1,081,081,100 Shares, being 10% of the issued share capital of the Company as at the date of adoption of the Share Option Scheme and this report.

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme to any eligible participant shall not exceed 1% of the Shares in issue within any 12-month period.

Any option offer will be deemed to have been granted and accepted by the grantee when the duplicate offer document constituting acceptance of the option duly signed by the grantee, and a remittance in favour of the Company of HK\$1.00 as consideration for the grant thereof is received by the Company.

The exercise price of the options is determined by the Board at its absolute discretion and will be not less than the highest price of the official closing price of the shares of the Company as stated in the daily quotations sheets issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on the date of the offer, the average official closing prices of the Company’s Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant and the nominal value of the Shares of the Company.





At the beginning and the end of the six months ended 30 June 2023, the aggregate number of Shares which may be issued upon the exercise of all share options that may be granted under the Share Option Scheme was 1,081,081,100 Shares.

The Share Option Scheme shall be valid and effect for a period of 10 years commencing from the date of its adoption up to 9 May 2031. As at the date of this report, the remaining life of the Share Option Scheme is approximately 7 years and 9 months. No options have been granted by the Company under the Share Option Scheme from the date of its adoption to 30 June 2023.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE

As at 30 June 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as 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 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(i) Interest in the Shares of the Company

Name of Director	Capacity in which interests are held	Number of Shares held	Approximate percentage of shareholding ⁽¹⁾
Mr. Duan Shengli	Beneficial owner	3,550,000	0.03%
Mr. Hu Xu ⁽²⁾	Beneficial owner	3,500	0.00%
Mr. Sang Quan ⁽³⁾	Beneficial owner	1,000	0.00%

Notes:

1. The calculation of the percentage is based on the total number of Shares in issue as at 30 June 2023.
2. Mr. Hu Xu was appointed on 21 June 2023 as an executive Director.
3. Mr. Sang Quan was appointed on 21 June 2023 as a non-executive Director.

(ii) Interest in shares of associated corporations of the Company

Name of Director	Name of associated corporation	Capacity in which interests are held	Number of Shares held	Approximate percentage of shareholding ⁽¹⁾
Mr. Duan Shengli	China Evergrande Group	Beneficial owner	10,000	0.00%
	China Evergrande New Energy Vehicle Group Limited	Beneficial owner	2,420,000	0.02%
Mr. Sang Quan ⁽²⁾	China Evergrande New Energy Vehicle Group Limited	Beneficial owner	25,500	0.00%

Notes:

1. The calculation of the percentage is based on the total number of shares in issue of the respective associated corporation as at 30 June 2023.
2. Mr. Sang Quan was appointed on 21 June 2023 as a non-executive Director.



(iii) Interest in share options of associated corporations of the Company

Name of Director	Name of associated corporation	Capacity in which interests are held	Number of share options held	Approximate percentage of shareholding ⁽¹⁾
Mr. Duan Shengli	China Evergrande Group	Beneficial owner	20,600,000	0.16%
Mr. Han Chao ⁽²⁾	China Evergrande Group	Beneficial owner	40,000	0.00%
Mr. Hu Xu ⁽²⁾	China Evergrande Group	Beneficial owner	80,000	0.00%
Mr. Sang Quan ⁽³⁾	China Evergrande Group	Beneficial owner	150,000	0.00%
Mr. Lin Wuchang ⁽³⁾	China Evergrande Group	Beneficial owner	70,000	0.00%

Notes:

1. The calculation of the percentage is based on the total number of shares in issue of the respective associated corporation as at 30 June 2023.
2. Mr. Han Chao and Mr. Hu Xu were appointed as executive Directors on 21 June 2023.
3. Mr. Sang Quan and Mr. Lin Wuchang were appointed as non-executive Directors on 21 June 2023.

Save as disclosed above, as at 30 June 2023, none of the Directors, chief executive of the Company or their respective associates had any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 30 June 2023, the following persons had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of the SFO or were otherwise notified to the Company and the Stock Exchange:

Name of shareholder	Capacity in which interests are held	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding ⁽²⁾
Dr. Hui Ka Yan	Interest in controlled corporation	5,590,229,000 ⁽³⁾	51.71%
Xin Xin (BVI) Limited	Interest in controlled corporation	5,590,229,000 ⁽⁴⁾	51.71%
China Evergrande Group	Interest in controlled corporation and beneficial owner	5,590,229,000 ⁽⁵⁾	51.71%
Anji (BVI) Limited	Interest in controlled corporation	5,383,074,000 ⁽⁶⁾	49.79%
Shengjian (BVI) Limited	Interest in controlled corporation	5,383,074,000 ⁽⁶⁾	49.79%
CEG Holdings (BVI) Limited	Beneficial owner	5,383,074,000 ⁽⁶⁾	49.79%

Notes:

1. The disclosure of the number of Shares held was made in accordance with the last reported disclosure of interests notice as of 30 June 2023.
2. The calculation of the percentage is based on the total number of Shares in issue as at 30 June 2023.
3. Such shares were held by China Evergrande Group and its subsidiaries. Dr. Hui Ka Yan ("Dr. Hui") is the controlling shareholder of China Evergrande Group and is deemed to be interested in such shares under the SFO.
4. Xin Xin (BVI) Limited is a company wholly owned by Dr. Hui and is the direct controlling shareholder of China Evergrande Group. Xin Xin (BVI) Limited is deemed to be interested in the Shares held by China Evergrande Group in the Company under the SFO.
5. Of the 5,590,229,000 Shares, 5,383,074,000 Shares were held by China Evergrande Group through its subsidiaries and 207,155,000 Shares were held directly by China Evergrande Group.
6. CEG Holdings (BVI) Limited is directly owned as to 50% by China Evergrande Group and as to 50% by Shengjian (BVI) Limited. Shengjian (BVI) Limited is wholly owned by Anji (BVI) Limited, which is in turn wholly owned by China Evergrande Group. By virtue of the SFO, Shengjian (BVI) Limited and Anji (BVI) Limited and China Evergrande Group are deemed to be interested in the Shares held by CEG Holdings (BVI) Limited.



INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the Company's code of conduct for securities transactions by the Directors. The Company has made specific enquiry of all Directors and they have confirmed that they have complied with the requirements set out in the Model Code throughout the six months ended 30 June 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules as the Company's corporate governance code. For the six months ended 30 June 2023, the Company had complied with all applicable code provisions of the CG Code.

EVENTS AFTER THE REPORTING PERIOD

Apart from the events disclosed below, there have been no other material events after the reporting period since the end of the reporting period up to the date of this report.

Review of internal control system

Reference is made to the announcement of the Company dated 1 September 2022 in relation to the additional resumption guideline issued by the Stock Exchange to the Company, and the announcements of the Company dated 20 December 2022, 15 February 2023, 22 March 2023 and 20 June 2023 (the "Relevant Announcements") in relation to, among other things, the appointment of an internal control consultant by the Company to conduct an independent review of the Company's internal control and risk management systems. Unless the context otherwise requires, terms used hereinafter shall have the same meanings as those used in the Relevant Announcements.

The Internal Control Consultant, Grant Thornton Advisory Services Limited, has completed the relevant internal control system and processes review and issued the Internal Control Review Report on 24 July 2023.

On 30 July 2023, the Company issued an announcement on the key findings of the Internal Control Review. Based on the key findings of the Internal Control Review, the Internal Control Consultant has identified the Group's internal control deficiencies in the areas of internal control at enterprise-level, declaration of conflict of interest and mechanism for management of rights and responsibilities, monitoring of financial and funds management, proper retention of evidence of execution of control activities, execution of control activities, management system, mechanism for monitoring seal management, internal control mechanism for external pledge guarantee, and the uses, supervision and disclosure of raised funds, and has made recommendations for rectification. The Group has responded to the identified deficiencies and implemented all the recommended rectification measures provided by the Internal Control Consultant based on the Internal Control review.

As of the date of the Internal Control Review Report, there was no indication of any major deficiencies in the internal control systems and processes of the Company and its subsidiaries involved in the Internal Control Review after the implementation of the rectification measures recommended in the Internal Control Review. The Internal Control Consultant was of the view that, as of the date of the Internal Control Review Report, within the scope of its assessment work, the Group's internal control system and processes (including systems, processes and control implementation) have been designed and operating with fundamental effectiveness, and the relevant internal control risks are controlled at a reasonable level.

Taking into consideration the Internal Control Review Report and the recommendations therein, and the view of the Internal Control Consultant, the Board is of the view that the recommended measures and rectification measures implemented by the Group are sufficient to address all major findings by the Internal Control Consultant in the Group's internal control system and processes. The Board is of the view that the Group has improved its internal control system and processes, and it is sufficient for the purposes of fulfilling the Company's obligations under the Listing Rules and protecting the Company's rights and interests.

For details of the key findings of the Internal Control Review, please refer to the Company's announcement dated 30 July 2023.

Fulfilled resumption guidelines and resumption of trading

On 15 June 2022 and 30 August 2022, the Company received two letters from the Stock Exchange setting out the following guidance (the "**Resumption Guidance**") prescribed for the resumption of trading in the shares of the Company on the Stock Exchange:

- (a) publish all outstanding financial results required under the Listing Rules and address any audit modifications;





- (b) conduct an independent investigation into the enforcement by relevant banks of pledge guarantee in the amount of RMB13.4 billion, announce the findings and take appropriate remedial measures;
- (c) demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence;
- (d) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet the obligations under the Listing Rules;
- (e) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; and
- (f) inform the market of all material information for the Company's shareholders and other investors to appraise the Company's position.

On 2 August 2023, the Company announced that it has fulfilled the Resumption Guidance and resumption of trading in the shares of the Company on the Stock Exchange took effect from 9:00 a.m. on 3 August 2023. For further details, please refer to the announcement of the Company dated 2 August 2023.

AUDIT COMMITTEE

In accordance with the requirements of the CG Code and the Listing Rules, the Company has established an audit committee (the "**Audit Committee**") comprising three independent non-executive Directors, namely, Ms. Wen Yanhong (Chairman), Mr. Peng Liaoyuan and Mr. Guo Zhaohui. The Audit Committee and the management of the Company have considered and reviewed the accounting principles and practices adopted by the Group and have discussed matters relating to risk management, internal control and financial reporting, including the review of the unaudited interim results and consolidated financial statements of the Group for the six months ended 30 June 2023. The financial data, including the comparative figures, have been reviewed by the Audit Committee.

REVIEW OF UNAUDITED INTERIM RESULTS

The unaudited interim results of the Group for the six months ended 30 June 2023 have been reviewed by the Company's independent auditor, Prism Hong Kong and Shanghai Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Report on Review of Interim Condensed Consolidated Financial Statements

To the Board of Directors of Evergrande Property Services group
(incorporated in the Cayman Islands with limited liabilities)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements set out on pages 32 to 64, which comprises the condensed consolidated statement of financial position of Evergrande Property Services Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred as the “**Group**”) as at 30 June 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 Interim Financial Reporting (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.





MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw your attention to note 2 to the interim condensed consolidated financial statements in respect of the going concern basis adopted in the preparation of the interim condensed consolidated financial statements. The Group recorded net current liabilities and net liabilities of approximately RMB2,525,932,000 and RMB748,990,000 respectively as at that date (as at 31 December 2022: approximately RMB3,321,357,000 and RMB1,512,765,000 respectively). These conditions, together with the other matters set out in note 2 to the interim condensed consolidated financial statements, indicate that there are significant uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. The Group is implementing various measures to improve its liquidity. The directors of the Company, having considered the measures taken by the Group, are of the opinion that the Group has the ability to continue as a going concern. In respect of this matter, our conclusion has not been modified.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Prism Hong Kong and Shanghai Limited

Certified Public Accountants

Lee Kwok Lun

Practising Certificate Number: P06294

Hong Kong

24 August 2023

Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	6	6,145,117	5,788,059
Cost of sales		(4,645,953)	(4,504,398)
Gross profit		1,499,164	1,283,661
Other income	7	79,228	74,372
Other (losses)/gains		(64,087)	1,170
Impairment losses on financial assets		(78,622)	(54,202)
Fair value (losses)/gains on investment properties		(2,304)	347
Administrative expenses		(390,270)	(415,143)
Operating profit		1,043,109	890,205
Share of net profit of investments accounted for using equity method		6,901	680
Finance costs	10	(25,618)	(17,674)
Profit before income tax		1,024,392	873,211
Income tax expenses	11	(234,059)	(302,343)
Profit for the period		790,333	570,868
Profit attributable to:			
– Owners of the Company		781,309	546,136
– Non-controlling interests		9,024	24,732
		790,333	570,868
Other comprehensive income			
Item that maybe reclassified subsequently to profit or loss			
Exchange difference arising on translation of financial statements of foreign operations		1,635	801
Total comprehensive income for the period		791,968	571,669
Total comprehensive income attributable to:			
– Owners of the Company		782,944	546,937
– Non-controlling interests		9,024	24,732
		791,968	571,669
Earning per share for profit attributable to owners of the company			
– Basic and diluted	13	RMB0.07	RMB0.05

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	14	56,683	57,680
Right-of-use assets		49,957	69,255
Intangible assets	15	1,826,091	1,986,971
Investment properties		5,349	40,253
Investments accounted for using equity method		38,509	32,532
Deferred income tax assets		127,330	65,836
		2,103,919	2,252,527
Current assets			
Trade and other receivables	16	3,788,262	3,199,307
Prepayments	17	45,033	36,734
Financial assets at fair value through profit or loss		3,180	3,180
Restricted cash	19	62,508	88,044
Cash and cash equivalents	18	1,610,003	1,567,979
		5,508,986	4,895,244
Total assets		7,612,905	7,147,771
Equity			
Share capital	20	7,060	7,060
Reserves	21	(6,304,790)	(6,305,377)
Retain Earnings		5,071,382	4,290,073
Equity attributable to owners of the Company		(1,226,348)	(2,008,244)
Non-controlling interests		477,358	495,479
Total deficiency in equity		(748,990)	(1,512,765)

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Liabilities			
Non-current liabilities			
Borrowings	22	–	66,667
Lease liabilities		98,967	124,784
Contingent consideration payables		51,208	51,208
Deferred income tax liabilities		176,802	201,276
		326,977	443,935
Current liabilities			
Borrowings	22	183,033	183,033
Lease liabilities		145,226	142,201
Trade and other payables	23	4,709,793	4,925,270
Contract liabilities		2,496,825	2,688,029
Current income tax liabilities		500,041	278,068
		8,034,918	8,216,601
Total liabilities		8,361,895	8,660,536
Total equity and liabilities		7,612,905	7,147,771

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

The interim financial information on pages 32 to 64 was approved by the Board of Directors and signed on its behalf on 24 August 2023.

Duan Shengli

Director

Han Chao

Director



Condensed Consolidated Statement of Changes in Equity

	Share Capital RMB'000	Reserves RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non - controlling interests RMB'000	Total RMB'000
Balance as at 1 January 2022 (Audited)	7,060	(6,824,318)	2,950,707	(3,866,551)	364,021	(3,502,530)
Profit for the period	-	-	546,136	546,136	24,732	570,868
Currency translation differences	-	801	-	801	-	801
Transactions with owners of the Company						
Tax effect of equity transactions						
With ultimate holding company	-	402,000	-	402,000	-	402,000
Balance at 30 June 2022 (Unaudited)	7,060	(6,421,517)	3,496,843	(2,917,614)	388,753	(2,528,861)
Balance as at 1 January 2023 (Audited)	7,060	(6,305,377)	4,290,073	(2,008,244)	495,479	(1,512,765)
Profit for the period	-	-	781,309	781,309	9,024	790,333
Currency translation differences	-	1,635	-	1,635	-	1,635
Transactions with owners of the Company						
Other	-	(1,048)	-	(1,048)	-	(1,048)
Dividend distributed to non-controlling interests	-	-	-	-	(27,145)	(27,145)
Balance at 30 June 2023 (Unaudited)	7,060	(6,304,790)	5,071,382	(1,226,348)	477,358	(748,990)

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cash flows of operating activities		
Cash generated from/(used in) operations	343,264	(35,488)
PRC enterprise income tax paid	(94,281)	(183,447)
Net cash from/(used in) operating activities	248,983	(218,935)
Cash flows of investing activities		
Purchases of property and equipment	(13,757)	(14,898)
Purchases of intangible assets	(1,165)	(265)
Disposal of property, plant and equipment	1,233	10,771
Disposal/(purchase) of investment accounted for using equity method	418	(2,000)
Interest received	7,701	4,384
Net payments for consideration payables for acquisition of subsidiaries	(64,353)	–
Capital injection into an associate	(140)	–
Dividend income from financial assets at fair value through profit or loss (FVTPL)	324	–
Dividend income from an associate	646	–
Net cash used in investing activities	(69,093)	(2,008)
Cash flows of financing activities		
Repayments of borrowings	(66,667)	(50,300)
Interest paid	(7,116)	(8,703)
Lease payments	(38,881)	(38,703)
Dividend distributed to non-controlling interests	(27,145)	–
Net cash used in financing activities	(139,809)	(97,706)
Net increase/(decrease) in cash and cash equivalents	40,081	(318,649)
Cash and cash equivalents at beginning of period	1,567,979	1,130,154
Exchange realignment on cash and cash equivalents	1,943	2,561
Cash and cash equivalents at end of period	1,610,003	814,066

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.



Notes to the Condensed Consolidated Financial Statements

1. General information

Evergrande Property Services Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 13 March 2020 as an exempted company with limited liability under the Companies Law (Cap. 22. Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company’s ultimate holding company is China Evergrande Group, an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are primarily engaged in the provision of property management services and related value-added services.

The interim condensed consolidated financial statements are presented in Renminbi (“**RMB**”) and rounded to nearest RMB’000, unless otherwise stated. These interim condensed consolidated financial statements are unaudited.

2. Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting”.

The interim condensed consolidated financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, the interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2022, which have been prepared in accordance with Financial Reporting Standards (“**HKFRS**”).

2. Basis of preparation (continued)

Going concern assumption

As at 30 June 2023, net current liabilities and net liabilities of the Group amounted to RMB2,525,932,000 and RMB748,990,000 respectively (as at 31 December 2022: RMB3,321,357,000 and RMB1,512,765,000 respectively). The above matters indicated that the Group will need to secure a substantial amount of funds in the foreseeable future to finance these financial obligations under various contractual and other arrangements.

In view of the above circumstances, the Company have reviewed the Group's cash flow projections, which cover a period up to 30 June 2024. Taking into account the following actions during the six months ended 30 June 2023 and plans and measures to be taken, the Group will have sufficient working capital to meet its financial obligations up to 30 June 2024.

- The Group has reached agreements with certain creditors (including trade payables, consideration payable for business combinations and related parties), agreeing to extend the repayment terms from one to four years. The directors of the Company consider that further extensions may be obtained if necessary; and
- The directors of the Company are currently exercising and will continue to exercise cost control in administrative and other expenses by further streamlining the Group's operations to improve the operating and financial position of the Group.

On the basis that all these measures can be implemented successfully, the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as they fall due and accordingly, the condensed consolidated financial statements for the six months ended 30 June 2023 has been prepared on a going concern basis.

Notwithstanding the above, given the volatility of the property sector in the People's Republic of China (the "PRC") and the uncertainties to obtain support from the Group's creditors, material uncertainties exist as to whether or not the Group will be able to achieve its plans and measures as described above.





2. Basis of preparation (continued)

Going concern assumption (continued)

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the assets to their net recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2023.

3. Accounting policies

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for investment properties, financial assets at fair value through profit or loss and contingent consideration payables that are measured at fair values, at the end of each reporting period.

The accounting policies and the methods of computation used in the interim condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the Group's audited consolidated financial statements for the year ended 31 December 2022. The adoption of the new and amendments to HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current and prior periods.

The Group has not early adopted the new/amendments to HKFRSs that have been issued but are not yet effective. The directors of the Company do not anticipate that the adoption of the new and amendments to HKFRSs in future periods will have any material impact on the Group's interim condensed consolidated financial statements.

4. Financial risk management

4.1 Financial risk factor

4.1.1 Market risk

(i) *Foreign exchange risk*

The Group's normal operating activities are principally conducted in RMB since most of the operating entities are based in the PRC. The foreign exchange risk mainly arises from monetary assets and of certain subsidiaries denominated in foreign currencies other than their functional currencies.

The Group's foreign currency denominated monetary assets at the respective consolidated statement of financial position are as follows:

	30 June 2023 RMB'000 (Unaudited)	30 December 2022 RMB'000 (Audited)
Monetary assets		
– HK\$	36,973	39,235
– US\$	910	13
	37,883	39,248

As at 30 June 2023 and 31 December 2022, if RMB had strengthened/weakened by 5% against the relevant foreign currencies with all other variables held constant, post-tax profit for the period ended 30 June 2023 and for the year ended 31 December 2022 would have been approximately RMB1,894,000 and RMB1,962,000 lower/higher, respectively.

The interim condensed consolidated financial statements does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

There have been no changes in the risk management department or in any risk management policies since year ended 31 December 2022.



4. Financial risk management (continued)

4.1 Financial risk factor (continued)

4.1.2 Liquidity Risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000 (Unaudited)	Between 1 and 2 years RMB'000 (Unaudited)	Between 2 and 5 years RMB'000 (Unaudited)	Over 5 years RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 30 June 2023					
Borrowings	188,275	–	–	–	188,275
Lease liabilities	145,226	61,142	36,938	12,599	255,905
Trade and other payables (excluding accrued payroll liabilities and other tax payable)	4,000,726	–	–	–	4,000,726
	4,334,227	61,142	36,938	12,599	4,444,906

4. Financial risk management (continued)

4.1 Financial risk factor (continued)

4.1.2 Liquidity Risk (continued)

	Less than 1 year RMB'000 (Audited)	Between 1 and 2 years RMB'000 (Audited)	Between 2 and 5 years RMB'000 (Audited)	Over 5 years RMB'000 (Audited)	Total RMB'000 (Audited)
At 31 December 2022					
Borrowings	193,492	72,801	–	–	266,293
Lease liabilities	151,751	71,906	46,997	14,307	284,961
Trade and other payables (excluding accrued payroll liabilities and other tax payable)	4,135,756	–	–	–	4,135,756
	4,480,999	144,707	46,997	14,307	4,687,010

4.1.3 Fair value measurement of financial instruments

(a) Fair value measurement of financial instruments

The table below analyses financial instruments carried or presented at fair value, by level of the inputs to valuation techniques used to measure fair value. The different levels are defined as follows:

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



4. Financial risk management (continued)

4.1 Financial risk factor (continued)

4.1.3 Fair value measurement of financial instruments (continued)

(a) Fair value measurement of financial instruments (continued)

The following table presents the Group's financial assets that are measured at fair value:

	Level 1 RMB'000 (Unaudited)	Level 2 RMB'000 (Unaudited)	Level 3 RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 30 June 2023				
Financial Asset				
Financial assets at fair value through profit or loss	–	–	3,180	3,180
Financial Liability				
Contingent consideration payables	–	–	51,208	51,208
	Level 1 RMB'000 (Audited)	Level 2 RMB'000 (Audited)	Level 3 RMB'000 (Audited)	Total RMB'000 (Audited)
At 31 December 2022				
Financial Asset				
Financial assets at fair value through profit or loss	–	–	3,180	3,180
Financial Liability				
Contingent consideration payables	–	–	51,208	51,208

4. Financial risk management (continued)

4.1 Financial risk factor (continued)

4.1.3 Fair value measurement of financial instruments (continued)

- (b) The following table presents the changes in level 3 financial instruments for six months ended 30 June 2023:

	Financial Assets		
	Wealth management products RMB'000	Unlisted entity investment RMB'000	Total RMB'000
At 1 January 2022	2,309	3,180	5,489
Loss recognised in profit or loss	(2,309)	–	(2,309)
At 31 December 2022 and 30 June 2023	–	3,180	3,180

5. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (“**CODM**”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

During the six months ended 30 June 2023, the Group is principally engaged in the provision of property management services and related value-added services in the PRC.

For the six months ended 30 June 2023, majority of the segments are domiciled in the PRC and most of the revenue are derived in the PRC, and the segments are principally engaged in the provision of similar services to similar customers. All operating segments of the Group were aggregated into a single reportable segment.

The principal operating entities of the Group are domiciled in the PRC and majority of revenue is derived in the PRC during the six months ended 30 June 2023. As at 30 June 2023, majority of the non-current assets of the Group were located in the PRC.



6. Revenue

Revenue mainly comprises of proceeds from property management services and related value-added services. An analysis of the Group's revenue by categories for the six months ended 30 June 2023 and 2022 is as follows:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Property management services	5,024,605	4,676,572
Value-added services to non-property owners	41,854	32,838
Community value-added services	1,078,658	1,078,649
	6,145,117	5,788,059
Time of revenue recognition		
– Over time	5,778,175	5,520,830
– At a point in time	366,942	267,229
	6,145,117	5,788,059

7. Other income

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Government grants (Note a)	37,982	62,293
Income from compensation of non-fulfilment of performance guarantee (Note b)	29,216	–
Interest income	7,701	4,384
Income from overdue fine	1,649	1,763
Others	2,680	5,932
	79,228	74,372

Notes:

- (a) Government grants which mainly consisted of additional input value-added tax deduction, tax refund for employment of retired soldiers and refund of paid unemployment insurance. There were no unfulfilled conditions or contingencies attached to the grants.
- (b) As some of the acquired target companies failed to complete the performance guarantee, the consideration payment of RMB29,216,000 should be deducted in accordance with the terms of the Equity Transfer Agreement and recognised as other income in current period.



8. Expenses by nature

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Employee benefit expenses (Note 9)	2,785,702	2,749,021
Greening and cleaning expenses	819,458	791,204
Maintenance costs	336,959	331,281
Utilities	326,851	332,843
Services fee	96,776	122,852
Short-term and low value lease expenses	67,113	83,582
Depreciation and amortisation charges	144,204	206,279
Cost of security	34,520	37,226
Tax and other levies	34,796	28,469
Office expenses	57,651	61,095
Travelling and entertainment expenses	26,166	19,010
Cost of goods sold	192,382	73,069
Community activities expenses	43,659	21,519
Uniform costs	7,638	5,678
Bank charges	11,475	10,737
Professional fees	22,116	12,008
Others	28,757	33,668
	5,036,223	4,919,541

9. Employee benefit expenses

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Salaries, bonuses and other benefits	2,544,872	2,509,733
Contribution to pension scheme expenses (Note a)	240,830	239,288
	2,785,702	2,749,021

Note a: Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the prior year employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

10. Finance costs

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest on consideration payables	–	6,734
Interest on borrowings	7,116	8,703
Interest on lease liabilities	2,514	1,280
Other finance costs (Note a)	15,988	957
	25,618	17,674

Note a: Other finance costs represented the finance expenses contained in the one-off discount offered by the Group to the individual property owners for their advanced payments of property management fees.



11. Income tax expenses

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current income tax	320,027	312,209
Deferred income tax	(85,968)	(9,866)
	234,059	302,343

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries in the British Virgin Islands ("BVI") were incorporated under the International Business Companies Act of the BVI and accordingly, are exempted from BVI income tax.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the current period in respect of operations in Hong Kong.

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the periods, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate is 25% for the six months ended 30 June 2023 and 30 June 2022. Certain subsidiaries and branches of the Group in the PRC are located in western cities, and they are subject to a preferential income tax rate of 15% during the six months ended 30 June 2023 and 30 June 2022. The subsidiary and branches of the Group located in Hainan Province are qualified to enjoy the preferential income tax rate of 15% since 1 January 2020.

12. Dividends

No dividend has been declared or paid by the Company during the six months ended 30 June 2023 (30 June 2022: nil).

13. Earning per share

Basic earning per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares during the six months ended 30 June 2023 and 2022.

The Company did not have any potential ordinary shares outstanding during the six months ended 30 June 2023 and 2022. Diluted earning per share is equal to basic earning per share.

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Profit attributable to owners of the Company (RMB'000)	781,309	546,136
Weighted average number of ordinary shares in issue (in thousands)	10,810,811	10,810,811
Basic and diluted earning per share	RMB0.07	RMB0.05

14. Property, plant and equipment

	Property RMB'000	Machinery RMB'000	Vehicles RMB'000	Furniture, fitting and equipment RMB'000	Total RMB'000
As at 1 January 2023					
Cost	4,391	51,150	47,169	142,812	245,522
Accumulated depreciation	(850)	(39,556)	(32,910)	(114,526)	(187,842)
Opening net carrying Amount (Audited)	3,541	11,594	14,259	28,286	57,680
Additions	17	2,883	5,156	5,701	13,757
Disposals	–	(326)	(79)	(837)	(1,242)
Depreciation charge	(7)	(1,490)	(4,119)	(7,896)	(13,512)
Closing net carrying Amount (Unaudited)	3,551	12,661	15,217	25,254	56,683
As at 30 June 2023					
Cost	4,408	54,033	52,325	148,513	259,279
Accumulated depreciation	(857)	(41,372)	(37,108)	(123,259)	(202,596)
Net carrying amount (Unaudited)	3,551	12,661	15,217	25,254	56,683



14. Property, plant and equipment (continued)

	Property RMB'000	Machinery RMB'000	Vehicles RMB'000	Furniture, fitting and equipment RMB'000	Total RMB'000
As at 1 January 2022					
Cost	3,605	45,048	36,810	127,222	212,685
Accumulated depreciation	(249)	(31,782)	(17,894)	(92,088)	(142,013)
Opening net carrying					
Amount (Audited)	3,356	13,266	18,916	35,134	70,672
Additions	–	2,582	2,887	9,429	14,898
Disposals	–	(2,353)	(2,928)	(5,490)	(10,771)
Depreciation charge	(91)	(2,033)	(2,106)	(8,439)	(12,669)
Closing net carrying					
Amount (Unaudited)	3,265	11,462	16,769	30,634	62,130
As at 30 June 2022					
Cost	3,605	47,630	39,697	136,651	227,583
Accumulated depreciation	(340)	(36,168)	(22,928)	(106,017)	(165,453)
Net carrying amount					
(Unaudited)	3,265	11,462	16,769	30,634	62,130

15. Intangible assets

	Computer software RMB'000	Property management contracts and customer relationship RMB'000	Goodwill RMB'000	Total RMB'000
As at 1 January 2023				
Cost	21,724	1,195,199	1,738,218	2,955,141
Accumulated amortisation and impairment losses	(11,101)	(363,123)	(593,946)	(968,170)
Opening net carrying amount (Audited)	10,623	832,076	1,144,272	1,986,971
Period ended 30 June 2023				
Opening net carrying amount	10,623	832,076	1,144,272	1,986,971
Additions	1,165	–	–	1,165
Amortisation	(2,417)	(95,402)	–	(97,819)
Impairment loss	–	–	(64,226)	(64,226)
Closing net carrying amount (Unaudited)	9,371	736,674	1,080,046	1,826,091
As at 30 June 2023				
Cost	22,889	1,195,199	1,738,218	2,956,306
Accumulated amortisation and impairment losses	(13,518)	(458,525)	(658,172)	(1,130,215)
Net carrying amount (Unaudited)	9,371	736,674	1,080,046	1,826,091



15. Intangible assets (continued)

	Computer software RMB'000	Property management contracts and customer relationship RMB'000	Goodwill RMB'000	Total RMB'000
As at 1 January 2022				
Cost	20,365	1,195,199	1,755,428	2,970,992
Accumulated amortisation and impairment losses	(6,347)	(165,422)	(593,946)	(765,715)
Opening net carrying amount (Audited)	14,018	1,029,777	1,161,482	2,205,277
Period ended 30 June 2022				
Opening net carrying amount	14,018	1,029,777	1,161,482	2,205,277
Additions	265	–	–	265
Amortisation	(2,360)	(95,791)	–	(98,151)
Closing net carrying amount (Unaudited)	11,923	933,986	1,161,482	2,107,391
As at 30 June 2022				
Cost	20,630	1,195,199	1,755,428	2,971,257
Accumulated amortisation and impairment losses	(8,707)	(261,213)	(593,946)	(863,866)
Net carrying amount (Unaudited)	11,923	933,986	1,161,482	2,107,391

As the result of management assessment, impairment provision of RMB64,226,000 (2022: nil) was recognised on goodwill for the six months ended 30 June 2023.

16. Trade and other receivables

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables		
– Related parties (Note 25)	2,356,242	2,464,090
– Third parties	3,734,282	3,084,954
Gross trade receivables	6,090,524	5,549,044
Less: allowance for impairment of trade receivables		
– Related parties (Note 25)	(2,344,772)	(2,455,691)
– Third parties	(501,586)	(354,333)
	3,244,166	2,739,020
Value added tax recoverable	22,942	22,985
Ultimate holding company		
– Financial guarantee	13,400,000	13,400,000
Less:		
– Enforcement of financial guarantee-pledged	(13,400,000)	(13,400,000)
	–	–
Other related parties (Note 25)	11,770	11,770
Other receivables		
– Payment on behalf of property owners (Note c)	364,827	296,749
– Deposits	159,235	153,044
– Others	104,973	53,102
Gross other receivables	640,805	514,665
Less: allowance for impairment of other receivables		
– Third parties	(119,651)	(77,363)
Total other receivables	521,154	437,302



16. Trade and other receivables (continued)

Notes:

- (a) Trade receivables mainly arise from property management services income under lump sum basis and value-added service. Property management service income is received in accordance with the terms of the relevant services agreements. Value-added service income is usually due for payment upon the issuance of document of settlement.
- (b) As at 30 June 2023 and 31 December 2022, the aging analysis of the trade receivables based on date of revenue recognition were as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
0 to 180 days	2,114,989	3,002,519
181 to 365 days	1,378,991	729,450
1 to 2 years	1,470,484	1,343,503
2 to 3 years	933,210	375,846
Over 3 years	192,850	97,726
	6,090,524	5,549,044

- (c) Payments on behalf of property owners mainly represented utilities costs of properties.
- (d) As at 30 June 2023 and 31 December 2022, trade and other receivables were denominated in RMB and the fair value of trade and other receivables approximate their carrying amounts.

17. Prepayments

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Prepayments to suppliers		
– Related parties (Note 25)	1,463	1,581
– Third parties	43,570	35,153
	45,033	36,734

18. Cash and cash equivalents

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Cash at bank	1,607,995	1,563,871
Cash on hand	2,008	4,108
	1,610,003	1,567,979

Notes:

(a) Cash and bank balances were denominated in the following currencies:

RMB	1,591,522	1,528,731
USD	910	13
HKD	17,571	39,235
	1,610,003	1,567,979

(b) The conversion of RMB denominated deposits placed in banks in the PRC into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.



19. Restricted cash

Restricted cash mainly represents (i) industry regulated funds of Evergrande Insurance Agency Co., Ltd.; (ii) deposits for the provision of property management services as required by local government authorities; (iii) cash restricted to projects managed on a remuneration basis only; and (iv) funds for litigation preservation of some subsidiaries.

20. Share capital

	30 June 2023 Number of shares (Unaudited)	31 December 2022 Number of shares (Audited)	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Issued and fully paid	10,810,811,000	10,810,811,000	7,060	7,060

21. Reserves

	Share Premium RMB'000	Statutory reserves RMB'000	Capital reserves RMB'000	Exchange reserves RMB'000	Total RMB'000
Six months ended 30 June 2023					
Balance at 1 January 2023 (Audited)	5,944,185	504,384	(12,756,202)	2,256	(6,305,377)
Other	-	-	(1,048)	-	(1,048)
Currency translation differences	-	-	-	1,635	1,635
Balance at 30 June 2023 (Unaudited)	5,944,185	504,384	(12,757,250)	3,891	(6,304,790)

21. Reserves (continued)

	Share Premium RMB'000	Statutory reserves RMB'000	Capital reserves RMB'000	Exchange reserves RMB'000	Total RMB'000
Six months ended					
30 June 2022					
Balance at 1 January 2022 (Audited)	5,944,185	421,071	(13,188,981)	(593)	(6,824,318)
Tax effect of equity transactions with ultimate holding company	–	–	402,000	–	402,000
Currency translation differences	–	–	–	801	801
Balance at 30 June 2022 (Unaudited)	5,944,185	421,071	(12,786,981)	208	(6,421,517)

(a) Statutory reserves

In accordance with relevant rules and regulations in the PRC and the Company's Articles of Association, companies incorporated in the PRC are required to transfer no less than 10% of their profit after taxation calculated under the PRC accounting standards and regulations to the statutory reserve funds, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve funds can only be used, upon approval by the relevant authority, to offset previous years' losses or to increase the capital of respective companies.



22. Borrowings

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Current	183,033	183,033
Non-current	–	66,667
	183,033	249,700

As at 30 June 2023, the Group's bank borrowings of RMB183,033,000 (as at 31 December 2022: RMB249,700,000) were secured by pledge of the Group's equity interest of certain subsidiaries and guaranteed by non-controlling interests.

The maturity of the borrowings is as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within one year	183,033	183,033
1-2 years	–	66,667
	183,033	249,700

23. Trade and other payables

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade payables (Note a)		
– Related parties (Note 25)	320,820	267,345
– Third parties	1,526,732	1,646,059
	1,847,552	1,913,404
Other payables		
– Considerations payable for business combinations	712,727	772,225
– Amounts temporarily received from/on behalf of property owners or leaser (Note b)	277,072	348,124
– Deposits	380,211	337,690
– Other tax payables	208,028	214,588
– Others	783,164	764,313
	2,361,202	2,436,940
Accrued payroll	501,039	574,926
	4,709,793	4,925,270



23. Trade and other payables (continued)

Notes:

- (a) The following is an ageing analysis of trade payables presented based on invoice date at the end of reporting period:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Up to 1 year	1,556,211	1,661,300
1 to 2 years	174,035	209,330
2 to 3 years	99,562	35,599
More than 3 years	17,744	7,175
	1,847,552	1,913,404

- (b) The amounts mainly represented utilities expenses temporarily collected from the property owners to be paid to related service providers and rental income collected from leasees to be returned to the property owners.
- (c) As at 30 June 2023 and 31 December 2022, trade and other payables were denominated in RMB and the fair value of trade and other payables approximate their carrying amounts.

24. Commitments

Capital commitments

Considerations to be paid for acquisitions of subsidiaries contracted for but not yet completed is as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Up to 1 year	300,000	300,000

25. Related party transactions

(a) Related party transactions

In addition to the transactions detailed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with related parties.

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue from rendering of services		
– Controlled by the Group's ultimate holding company	36,136	38,465
– Joint ventures of the Group's ultimate holding company	29,211	28,061
	65,347	66,526
Purchase of goods and services		
– Controlled by the Group's ultimate holding company	5,528	41,581
Leasing car parking spaces		
– Controlled by the Group's ultimate holding company	53,359	19,196

The transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

Starting from September 2021, due to the China Evergrande Group's liquidity difficulties, the management of the Group expects the inflow of economic benefits from China Evergrande Group is not virtually certain. Since the property services customers involve all the property owners and various aspects of the community, which has integrality and indivisibility as a whole, it is impracticable to exclude China Evergrande Group from providing property management services to those vacant properties. Hence, no additional costs have been incurred and the Group continues to provide property management services to China Evergrande Group. The Group estimates that the amount for the six months ended 30 June 2023 is approximately RMB213,982,000. No revenue is recognised in respect of the transactions, while the Group will endeavor to take reasonable measures to collect the receivables from the relevant parties in accordance with the relevant laws and applicable agreements to actively safeguard the interests of the Group.



25. Related party transactions (continued)

(b) Balances with related parties

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables (Note 16)		
– Controlled by the Group's ultimate holding company	2,248,379	2,354,584
– Joint ventures of the Group's ultimate holding company	107,863	109,506
	2,356,242	2,464,090
Less: allowances for impairment of trade receivables (charged to profit or loss)	(2,344,772)	(2,455,691)
	11,470	8,399
Other receivables		
– Controlled by the Group's ultimate holding company	11,770	11,770
Prepayments (Note 17)		
– Controlled by the Group's ultimate holding company	1,463	1,581

25. Related party transactions (continued)

(b) Balances with related parties (continued)

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade payables (Note 23)		
– Controlled by the Group's ultimate holding company	320,820	267,055
– Joint ventures of the Group's ultimate holding company	–	290
	320,820	267,345
Other payables		
– Controlled by the Group's ultimate holding company	146,530	158,555
– Joint ventures of the Group's ultimate holding company	–	621
	146,530	159,176

- (i) The above trade receivables, prepayments and trade payables are trading nature, interest free and repayable according to terms in contracts.

(c) Key management compensation

Key management includes directors and senior management. Compensations for key management are set out below:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Salaries, bonus and other benefits	4,763	5,998
Contribution to pension scheme expenses	162	207
	4,925	6,205

