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**濱江服務**

BINJIANG SERVICE

**Binjiang Service Group Co. Ltd.**

**濱江服務集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3316)**

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

The board (the “**Board**”) of directors (the “**Directors**”) of Binjiang Service Group Co. Ltd. (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 June 2023. The interim results of the Group for the Reporting Period have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and approved by the Board on 29 August 2024.

The following interim financial information are unaudited, but have been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity”, issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the forthcoming interim report.

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any tables, charts or elsewhere between totals and sums of amounts listed therein are due to rounding.

## HIGHLIGHTS

	<b>As of 30 June</b>		
	<b>2024</b>	2023	Change
	<i>(RMB'000, unless otherwise indicated)</i>		
Revenue	<b>1,650,407</b>	1,190,076	38.7%
— Property management services	<b>905,335</b>	719,350	25.9%
— Value-added services to non-property owners	<b>250,748</b>	279,492	-10.3%
— 5S value-added services	<b>494,324</b>	191,234	158.5%
Gross profit	<b>421,745</b>	318,032	32.6%
Gross profit margin	<b>25.6%</b>	26.7%	
Profit for the period	<b>272,347</b>	237,470	14.7%
Profit for the period attributable to equity shareholders of the Company	<b>265,315</b>	230,996	14.9%
Net profit margin	<b>16.5%</b>	20.0%	

	<b>At 30 June 2024</b>	At 30 June 2023	Change
	<i>('000 sq.m., unless otherwise indicated)</i>		
GFA <sup>(1)</sup> under management	<b>63,119</b>	48,708	29.6%
GFA under management developed by independent third parties	<b>57.7%</b>	56.1%	
GFA under management developed by independent third parties acquired in the first half year of 2024	<b>65.2%</b>	62.3%	

- Having considered the positive business development of the Group and returns to the Shareholders, the Board resolved to declare an interim dividend for the six months ended 30 June 2024 of HK\$0.630 per share. The dividend ratio of its net profit attributable to equity shareholders of the Company is approximately 60%.

<sup>(1)</sup> gross floor area

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2024 — unaudited  
(Expressed in Renminbi Yuan (“RMB”))*

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
		<b>RMB’000</b>	<b>RMB’000</b>
<b>Revenue</b>	3(a)	<b>1,650,407</b>	1,190,076
Cost of sales		<u>(1,228,662)</u>	<u>(872,044)</u>
<b>Gross profit</b>		<b>421,745</b>	318,032
Other revenue	4	<b>2,755</b>	5,274
Other net loss	4	<b>(27)</b>	(73)
Selling and marketing expenses		<b>(10,707)</b>	(7,569)
Administrative expenses		<b>(49,918)</b>	(33,162)
Impairment losses on trade receivables and contract assets		<b>(12,721)</b>	(3,093)
Other expenses		<u>(459)</u>	<u>(808)</u>
<b>Profit from operations</b>		<b>350,668</b>	278,601
Finance income		<b>40,530</b>	31,091
Finance costs		<u>(62)</u>	<u>(339)</u>
<b>Net finance income</b>	5(a)	<b>40,468</b>	30,752
Share of profits less losses of associates		<b>839</b>	4,599
Share of profits less losses of joint ventures		<u>(294)</u>	<u>538</u>
<b>Profit before taxation</b>	5	<b>391,681</b>	314,490
Income tax	6	<u>(119,334)</u>	<u>(77,020)</u>
<b>Profit for the period</b>		<b><u>272,347</u></b>	<b><u>237,470</u></b>

		<b>Six months ended 30 June</b>	
		<b>2024</b>	2023
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>265,315</b>	230,996
Non-controlling interests		<b>7,032</b>	6,474
		<u>272,347</u>	<u>237,470</u>
<b>Profit for the period</b>		<b>272,347</b>	237,470
<b>Other comprehensive income for the period</b>			
<b>(after tax and reclassification adjustments)</b>			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements of the Company		<b>(8,345)</b>	853
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		<b>(61)</b>	(5,319)
<b>Total comprehensive income for the period</b>		<b>263,941</b>	<b>233,004</b>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>256,909</b>	226,530
Non-controlling interests		<b>7,032</b>	6,474
<b>Total comprehensive income for the period</b>		<b>263,941</b>	<b>233,004</b>
<b>Earnings per share</b>	7		
Basic and diluted ( <i>RMB</i> )		<b>0.96</b>	0.84

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 — unaudited

(Expressed in RMB)

		At 30 June 2024	At 31 December 2023
	Note	RMB'000	RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		43,290	43,423
Intangible assets		3,680	4,147
Investment in associates		11,429	10,590
Investment in joint ventures		3,127	3,421
Deferred tax assets		35,011	33,926
Time deposits		1,348,882	1,352,304
Prepayments		2,437	1,901
		<u>1,447,856</u>	<u>1,449,712</u>
<b>Current assets</b>			
Inventories		287,368	244,752
Contract assets		—	22,422
Trade and other receivables	8	783,773	545,346
Financial assets measured at fair value through profit or loss (“FVPL”)		100,104	—
Time deposits		620,027	279,347
Restricted bank balances		78,628	57,939
Cash and cash equivalents		867,138	1,455,384
		<u>2,737,038</u>	<u>2,605,190</u>
<b>Current liabilities</b>			
Contract liabilities	9	1,714,305	1,555,798
Trade and other payables	10	929,794	847,158
Lease liabilities		1,659	2,368
Current taxation		64,509	86,340
		<u>2,710,267</u>	<u>2,491,664</u>
<b>Net current assets</b>		<u>26,771</u>	<u>113,526</u>

		At <b>30 June 2024</b> <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
	<i>Note</i>		
<b>Total assets less current liabilities</b>		<b>1,474,627</b>	1,563,238
<b>Non-current liability</b>			
Lease liabilities		<b>1,530</b>	1,655
Deferred tax liabilities	6	<b>13,500</b>	20,000
		<b>15,030</b>	21,655
<b>NET ASSETS</b>		<b>1,459,597</b>	1,541,583
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>181</b>	181
Reserves		<b>1,399,432</b>	1,488,266
<b>Total equity attributable to equity shareholders of the Company</b>		<b>1,399,613</b>	1,488,447
<b>Non-controlling interests</b>		<b>59,984</b>	53,136
<b>TOTAL EQUITY</b>		<b>1,459,597</b>	1,541,583

## NOTES

*(Expressed in Renminbi Yuan unless otherwise indicated)*

### 1 Basis of preparation

The interim financial information of Binjiang Service Group Co. Ltd. (the “**Company**”) as at and for the six months ended 30 June 2024 comprises the Company and its subsidiaries (together referred to as the “**Group**”). The interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“**IAS**”) 34 “*Interim Financial Reporting*” adopted by the International Accounting Standards Board (“**IASB**”).

The Company was incorporated in the Cayman Islands on 6 July 2017 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 Company’s shares were listed on the Main Board on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 March 2019 (the “**Listing**”).

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

The preparation of the interim financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

## 2 Changes in accounting policies

The Group has applied the following amendments to IFRSs issued by the IASB to this interim financial information for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“**2020 amendments**”)
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“**2022 amendments**”)
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures — Supplier finance arrangements*

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

## 3 Revenue and segment reporting

### (a) Revenue

The principal activities of the Group are property management services, value-added services to non-property owners and 5S value-added services.

Revenue represents income from property management services, value-added services to non-property owners and 5S value-added services.



The amount of each significant category of revenue are as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
<b>Revenue recognised over time:</b>		
Property management services	<b>905,335</b>	719,350
Value-added services to non-property owners	<b>250,748</b>	279,492
5S value-added services	<b>439,423</b>	136,078
	<b>1,595,506</b>	1,134,920
<b>Revenue recognised at point in time:</b>		
5S value-added services ( <i>note</i> )	<b>54,901</b>	54,596
	<b>1,650,407</b>	1,189,516
<b>Revenue from other sources</b>		
5S value-added services		
—Rental income from investment properties	—	560
	<b>1,650,407</b>	1,190,076

*Note:* For 5S value-added services that involve sale of goods, including sales of furniture, car parking spaces and storage rooms, and brokerage services for property sales and leasing, the Group recognises revenues at point in time when the property owners take possession of and accept the goods and services.

No revenue from transaction with single external customer amounts to 10% or more of the Group's total revenue for the six months ended 30 June 2024 (six months ended 30 June 2023: one-Hangzhou Binjiang Real Estate Group Co., Ltd (“**Binjiang Real Estate**”) and its subsidiaries, a related party of the Group).

**(b) Segment reporting**

The Group manages its businesses by divisions, which are organised by a mixture of business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three operating and reportable segments:

- Property management services: this segment provides property management services to property owners, including security, cleaning, gardening, repair, maintenance, land management and ancillary services.
- Value-added services to non-property owners: this segment provides value-added services to non-property owners, including pre-delivery services, consulting services and community space services.
- 5S value-added services: this segment provides 5S value-added services to property owners, including housekeeping services, brokerages services, home decoration services, sales of furniture, car parking spaces and storage rooms and other community value-added services to property owners.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment. Segment results represent the profit earned by each segment without allocation of central corporate expenses. Revenue and expenses are allocated to each segment with reference to sales generated by those segments and the expenses incurred by those segments. The measure used for reporting segment result is gross profit.

No analysis of segment assets and segment liabilities is presented as these information is not regularly provided to the Group's most senior executive management for review.

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

	<b>Property management services RMB'000</b>	<b>Value-added services to non-property owners RMB'000</b>	<b>5S value- added services RMB'000</b>	<b>Total RMB'000</b>
<b>Six months ended 30 June 2024:</b>				
Segment revenue	905,335	250,748	494,324	1,650,407
Segment gross profits	178,432	107,771	135,542	421,745
Unallocated corporate expenses				<u>(30,064)</u>
Profit before taxation				<u><u>391,681</u></u>
<b>Six months ended 30 June 2023:</b>				
Segment revenue	719,350	279,492	191,234	1,190,076
Segment gross profits	138,228	113,254	66,550	318,032
Unallocated corporate expenses				<u>(3,542)</u>
Profit before taxation				<u><u>314,490</u></u>

No geographical segment analysis is shown as all of the Group's revenue are derived from activities in, and from customers located in the PRC and almost all of carrying values of the Group's non-current assets are situated in the PRC.

#### 4 Other revenue and other net loss

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
<b>Other revenue</b>		
Government grants ( <i>note (i)</i> )	1,732	2,296
Value-added tax deductible ( <i>note (ii)</i> )	—	1,523
Others	1,023	1,455
	<u>2,755</u>	<u>5,274</u>

- (i) Government grants mainly represent unconditional discretionary financial support from local municipal government authorities.
- (ii) Value-added tax deductible mainly included additional deduction of input value-added tax applicable to certain subsidiaries of the Group.

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
<b>Other net loss</b>		
Net loss on disposal of property, plant and equipment	(131)	(74)
Net realised and unrealised gains on FVPL	104	—
Net foreign exchange gains	—	1
	<u>(27)</u>	<u>(73)</u>

## 5 Profit before taxation

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

### (a) Net finance income

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Interest income on bank deposits	(40,530)	(31,091)
Interest expense on advance payments from customers	—	284
Interest on lease liabilities	62	55
	<u>          </u>	<u>          </u>
Net finance income	<u><u>(40,468)</u></u>	<u><u>(30,752)</u></u>

### (b) Staff costs

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Salaries and other benefits	515,504	413,035
Contributions to defined contribution scheme (note (i))	42,913	33,424
	<u>          </u>	<u>          </u>
	<u><u>558,417</u></u>	<u><u>446,459</u></u>

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

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

(c) **Other items**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Depreciation		
— Owned property, plant and equipment	<b>6,987</b>	3,951
— Right-of-use assets	<b>898</b>	614
— Investment properties	<b>—</b>	425
Expenses related to short-term leases	<b>7,711</b>	6,897
Cost of inventories	<b>22,417</b>	9,561

**6 Income tax**

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Current tax</b>		
PRC corporate income tax	<b>105,116</b>	61,086
Under/(over)-provision in respect of prior years	<b>1,803</b>	(15)
	<b>106,919</b>	61,071
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<b>(1,085)</b>	661
Withholding tax on the profits of the Group's PRC subsidiaries ( <i>note iv</i> )	<b>13,500</b>	15,288
	<b>12,415</b>	15,949
	<b>119,334</b>	77,020

- (i) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands (“**the BVI**”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) The income tax rate applicable to the Group’s subsidiary incorporated in Hong Kong for the income subject to Hong Kong Profits Tax during the Reporting Period is 16.5%. No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the Reporting Period (six months ended 30 June 2023: Nil).
- (iii) The Group’s PRC subsidiaries are subject to PRC income tax at 25%. For certain subsidiaries recognised as a small profit enterprise in 2024, the portion of annual taxable income amount, which does not exceed RMB3 million, shall be computed at a reduced rate of 25% (six months ended 30 June 2023: 25%) as taxable income amount, and be subject to enterprise income tax at 20% (six months ended 30 June 2023: 20%).
- (iv) According to the PRC corporate income tax laws and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008.

In 2023, the Company’s Hong Kong subsidiary received the certificate of Hong Kong resident status. Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (“**Tax Treaties**”) and the Announcement of the State Taxation Administration in relation to “Beneficial Owner” in Tax Treaties (“**Announcement No.9**”), the Hong Kong subsidiary meets the requirement for enjoying the preferential rate and is subject to withholding tax at a rate of 5% for dividends received from PRC subsidiaries since 2023.

As at 30 June 2024, deferred tax liabilities of RMB13,500,000 were recognised in respect of the 5% PRC dividend withholding tax that would be payable on the distribution of the retained profits of the Group’s PRC subsidiaries (31 December 2023: RMB20,000,000).

## 7 Earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB265,315,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB230,996,000) and the weighted average number of 276,407,000 shares in issue during the period (six months ended 30 June 2023: weighted average number of 276,407,000 shares).

There were no dilutive potential shares outstanding for the six months ended 30 June 2024 and 2023 and therefore the diluted earnings per share are same as the basic earnings per share.

## 8 Trade and other receivables

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Trade receivables		
— third parties	488,515	377,771
— related parties	99,635	68,401
	<u>588,150</u>	<u>446,172</u>
Less: Allowance for impairment of trade receivables		
— third parties	(69,213)	(70,989)
— related parties	(10,428)	(4,394)
	<u>(79,641)</u>	<u>(75,383)</u>
Trade receivables, net of loss allowance	<u>508,509</u>	<u>370,789</u>
Other receivables from related parties	1,712	1,712
Prepayments to related parties for the purchase of car parking spaces	—	17,630
Deposits and prepayments	166,438	56,486
Payments on behalf of property owners	47,584	36,496
Advances to employees	7,529	3,508
Other receivables	52,001	58,725
	<u>783,773</u>	<u>545,346</u>

Trade receivables are primarily related to revenue recognised from the provision of property management services, value-added services to non-property owners and provision of home decoration services.



Trade and other receivables from related parties are unsecured and interest-free.

### Ageing analysis

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

	At <b>30 June</b> <b>2024</b> <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Within 1 year	<b>484,260</b>	338,811
1 to 2 years	<b>24,249</b>	31,978
	<b><u>508,509</u></b>	<b><u>370,789</u></b>

## 9 Contract liabilities

	At <b>30 June</b> <b>2024</b> <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
<b>Contract liabilities</b>		
Property management services	<b>446,396</b>	213,353
Value-added services to non-property owners	<b>2,672</b>	4,101
5S value-added services	<b>1,265,237</b>	1,338,344
	<b><u>1,714,305</u></b>	<b><u>1,555,798</u></b>

## 10 Trade and other payables

	At <b>30 June</b> <b>2024</b> <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Trade payables	<b>225,241</b>	194,739
— third parties	<b>222,244</b>	191,872
— related parties	<b>2,997</b>	2,867
Other payables due to related parties	<b>36,822</b>	47,909
Refundable deposits	<b>65,760</b>	60,222
Other taxes and charges payable	<b>166,593</b>	145,466
Accrued payroll and other benefits	<b>181,389</b>	198,904
Cash collected on behalf of the property owners' associations	<b>49,304</b>	50,896
Temporary receipts from property owners/buyers	<b>156,974</b>	108,866
Other payables and accruals	<b>47,711</b>	40,156
	<b><u>929,794</u></b>	<b><u>847,158</u></b>

As at the end of the reporting period, the ageing analysis of trade payables due to related parties and third parties, based on invoice date is as follows:

	At <b>30 June</b> <b>2024</b> <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Within 3 months	<b>73,222</b>	77,594
After 3 months but within 1 year	<b>145,466</b>	113,123
Over 1 year	<b>6,553</b>	4,022
	<b><u>225,241</u></b>	<b><u>194,739</u></b>

## 11 Dividends

- (i) Dividends payable to equity shareholders of the Company attributable to the interim period:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Interim dividend of HKD0.630 per share declared after the interim period (six months ended 30 June 2023: Nil)	<b><u>159,089</u></b>	<b><u>—</u></b>

The interim dividend declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period:

During the six months ended 30 June 2024, a final dividend of HKD1.178 per share in respect of the year ended 31 December 2023 and special dividend of HKD0.196 per share (six months ended 30 June 2023: final dividend of HKD1.001 per share in respect of the year ended 31 December 2022) were approved. The aggregate amount of the final dividend and special dividend approved during the six months ended 30 June 2024 amounted to HKD379,783,218 (RMB equivalent 345,743,000) (six months ended 30 June 2023: final dividend of HKD276,683,407 (RMB equivalent 250,899,000)).

The final dividend and special dividend approved during the six months ended 30 June 2024 were paid in June 2024 (six months ended 30 June 2023: final dividend approved during the six months ended 30 June 2023 was paid in September 2023).

## CHAIRMAN’S STATEMENT

To all Shareholders,

Thank you for your trust in and support to the Group. On behalf of the Board, I am pleased to present the Group’s unaudited consolidated results for the six months ended 30 June 2024.

This year is a year of continued deep adjustment in the real estate industry and a year of further reform in the property industry. Despite the growing complexity, severity and uncertainty in the big picture, the general trend of a long-term pickup in China’s economy stays unchanged. We are confident in the value enhancement in the property industry and the Group’s steady and high-quality development. In 2024, the Group continued to take customer satisfaction as its core through high-quality development, premium services and corporate operation management. We held to reforms and innovation to play the strength presented by concentration in regions and flat empowerment and management. This aimed to enhance the quality and expansion of value-added services, sustain the Company’s reputation, better meet the people’s demand for a better life in the community, and meet the expectations of the shareholders of the Company (the “**Shareholder(s)**”) for the Company’s sound development.

### **Brand expansion shaping edges**

Benefiting from the excellent brand image and high-quality services, as of 30 June 2024, the Group expanded its contracted projects to 21 cities, including Zhejiang Province, Jiangsu Province, Jiangxi Province, Guangdong Province, Hainan Province and Shanghai. As of 30 June 2024, GFA under management by the Group was approximately 63.1 million sq.m., representing an increase of 29.6% as compared with the corresponding period of 2023. Specifically, the project area under management in Hangzhou accounted for 63.6%, and the area under management in Zhejiang Province accounted for 97.2%, demonstrating the Group’s advantages presented by the high density and concentration in developed regions. Furthermore, GFA under signed contracts (“**contracted GFA**”) was approximately 90.0 million sq.m., representing an increase of 21.3% as compared with the corresponding period of 2023.

The Group continued its emphasis on the Yangtze River Delta and took multiple channels for expansion, including direct brand development, joint venture establishment and strategic partnerships, to further increase its market share. In the first half year of 2024, the Group won the recognition of the Sub-district to which the Xixi Star\* (西溪之星) project belonged by its outstanding management performance of the project under its management, and successfully signed two resettlement housing projects, Xiting Garden\*(溪汀家園) and Xixi Flower City\*(西溪花城), with annual saturated revenue of approximately RMB18 million. Furthermore, the Group claimed the bidding for a number of high-quality inventory residential projects, relying on its brand's reputation, including Tianyu Bay\*(天譽灣) and the Glorious City, etc., with annual saturated revenue of over RMB10 million. The Group recorded rate hikes in 11 projects by its high-quality services, solidifying the advantageous route of brand development.

As of 30 June 2024, 57.7% of GFA under management by the Group was from independent third parties, representing an increase of 1.6 percentage points as compared with the corresponding period of 2023. In the first half year of 2024, 65.2% and 67.4% of the net increase in GFA under management and contracted GFA were from independent third parties, respectively. The Group has always been strategically adhering to “expanding the market with high-quality brands, persisting in deep regional cultivation and maintaining the advantage of concentration”. Through in-depth analysis of the industry trend and precise capture of market opportunities, the Group empowers the regional development department with the Market Development Center at the headquarters, and it uses the projects under management as a showcase for selecting and acquiring high-quality projects to promote a win-win situation for the development of the Group and the homeowners, partners, communities and sub-districts and other parties.

### **Value-added services enhancing quality and expanding capacity**

Leveraging on the edge presented by its brands, public praise, reputation, resources and services, the Group continued to promote the value-added service system for homeowners centered on 5S. The Group is committed to providing one-stop quality services to cater to homeowners in various aspects of housing asset management and maintenance, aiming to build a business operation system that can create unique value.

Binjiang Youjia's primary property service team commits itself to the Hangzhou market using high-standard and high-quality services as service strategies to accurately align with the diversified needs of its target customer groups, thus becoming an indispensable traffic portal and service supplement in the 5S value-added service system. At the same time, the property service center cooperated with the 5S Youjia team to conduct precise sales, further promoting profit growth. Youjia's secondary real estate brokerage business continues to maintain its market share in high-end markets such as Nanxing (南星) and Aoti (奧體) by stretching its asset-light operating advantages and the Group's strengths in branding and resources.

Binjiang Youju works on Binjiang Supplier Ally by integrating the resources of upstream and downstream suppliers in the decoration business. In the first half year of 2024, thanks to the market's recognition of Binjiang's centralized furnishing services, the business scale saw a faster growth. In addition, local decoration and entire house decoration pilots were also underway. Interior design Living Home has introduced high-quality partners in an attempt to shape a path from the production of the special line to the delivery of the entire product, and upgrade its customized one-stop fully furnished services in response to the needs of its customers. Besides that, the Group also introduced cost-effective facilities and equipment repair, upgrading and maintenance services to existing homeowners through the organization of activities such as the "Binjiang Fans Hot Summer Renewal Festival" (濱粉熱夏煥新節) to enable homeowners to access the high-quality products and exquisite services of Binjiang brand supply chain.

Youxiang living services focus on the resources of the Group's high-end service team to offer caring and thoughtful home life services that are tailored to the service needs of homeowners in their living environments, thereby enhancing customer stickiness, experience and satisfaction for sustainable public praise.

### **Innovative management empowering quality**

In the first half year of 2024, the Group further consolidated its advantages in high-end property operation and management. To make it happen, the Group reformed and innovated to optimize its internal management system, processes and organization, deepen the standardization of its management and services, promote its intelligent management system, ramp up its internal control management and optimize its talent development and cultivation system.

The Group integrated and established the market development center, the 5S operation center and the after-sales maintenance center, and set up the operations department to strengthen the vertical management of key business areas. At the same time, the Group adjusted the geographical demarcation of regions where its business operates and optimized the management process to further improve the effectiveness of the centralized management for the Company's expanding business. The Group continued its efforts in the standardization of its management and services to ensure high standards of quality, environment, information security, energy and occupational health and safety across the board.

Staying true to the service philosophy of quality first, the Group strives to achieve the milestone of "a top property management brand in China and a benchmark in Zhejiang" in terms of quality service. In the first half year of 2024, the Group's operations department improved its quality inspection and management methods to improve the three-tier quality control system, which has helped realize full-coverage and multi-dimensional professional quality control over the implementation of star management standards for projects under

management, seven categories of hardware management and five categories of soft services, etc. Furthermore, it effectively enhanced the timeliness and completeness of the feedback and rectification through better quality control appraisal mechanism and satisfaction survey mechanism. The Company's expert team offered multi-faceted professional technical support and intervention assistance for all newly-delivered projects and weak projects, guiding project management to enter a virtuous circle of development and guaranteeing service quality. Thanks to its remarkable service performance, Hangzhou Binjiang Property Management Co., Ltd has become the benchmark of satisfaction in the property industry in Hangzhou for 13 consecutive years in the survey of satisfaction with property services for Hangzhou residents conducted by the China Index Academy ("CIA").

The Group continued to promote intelligent construction and further strengthened the financial revenue and expenditure management, the budgetary control and the refined asset management, thereby further enhancing the efficiency of asset utilization for optimal allocation of resources. Besides, the Group strengthened the management of receipts and accounts receivable to follow the objectives of capital management for better capital utilization efficiency. The Group has continued to strengthen its internal control mechanism through work on human resources information and optimization of the procurement process and supplier system for precise control of expenses to ensure the steady advancement of the enterprise.

The Group adheres to the employee-oriented employment philosophy and prioritizes the talent development strategy by combining cultivation and introduction to expand the recruitment channels. The Group improves the training system for management trainees and project managers. The Group strengthened professional training in key areas such as firefighting, elevator, intelligence and greening in the first half year of 2024, and completed the third phase of the "Eagle Program" (雄鷹計劃) project manager training, which has effectively enhanced the execution and management capability of the Group and strengthened the cohesion of the team and the centripetal force of the Group. The Group has also deepened the consolidation of regional business lines, established a scientific assessment mechanism and built a platform for the development of talents to stretch the centralized advantage of the Group in terms of management efficiency, enhance the effectiveness of the Group per capita, and optimize the promotion channels of the talents, so as to provide talents to the Group.

## Corporate Honors and Social Responsibilities

During the Reporting Period, the Group ranked 12th among the Top 100 Property Management Service Brands selected by CIA and won the titles of the “2024 China Leading Enterprise in High-end Property Services (2024中國高端物業服務領先企業)” and “Hangzhou Top 10 in 2024 China Excellent Property Services Enterprise in Major Cities (2024中國主要城市物業服務優秀企業杭州TOP10)” granted by CIA. The Group ranked 13th among the “2024 China Top 100 Property Service Management Companies (2024中國物業服務力百強企業)” selected by China Real Estate Information Corporation (“CRIC”) (克而瑞) and won the titles of “2024 China Top 20 Enterprises with High-end Property Service Capability (2024中國高端物業服務力TOP20企業)”, “2024 China Top 100 Property Service Brand Value (2024中國物業服務企業品牌價值100強)”, “2024 Top 30 Property Service Brands in Eastern China (2024中國物業服務華東品牌企業30強)”, and “2024 China Leading Enterprises with Land-Property Service Capability (2024中國地物協同服務力領先企業)” granted by CRIC. The Group was conferred the highest double “AAA” credit rating of the Zhejiang Provincial Department of Construction and the Zhejiang Provincial Market Supervision Bureau in 2024 and the “2023 Corporate Social Responsibility Benchmark (2023企業社會責任標桿企業)” honored by the Zhejiang Association for the Promotion of Corporate Social Responsibility.

The projects under management of the Group received a total of 57 accolades, some of the awards are as follows: the Company was awarded the “Advanced Enterprise (先進企業)” (Jinhua Branch) granted by the Jinhua Real Estate Association, “2023 Excellent Membership Unit (2023年度優秀會員單位)” (Shangrao Branch) granted by the Shangrao Property Management Institute, “Excellent Property Service Enterprise (優秀物業服務企業)” (Yongkang Branch) and “Excellent Property Service (優秀物業服務)” (Yongkang Yuehong Bay\* (永康悅虹灣) and Phoenix Town Project\* (鳳凰城項目)) granted by Jinhua Housing and Urban-Rural Development Bureau, “Property Service Demonstration Residential Community (物業服務示範住宅小區)” (Chunjiangyue\* (春江月), Yueliang Bay\* (月亮灣) and Jiangnan\*(江南) projects in Quzhou) granted by the Quzhou Housing and Urban-Rural Development Bureau, and “Excellent Non-residential Project (優秀非住宅類項目)” (Green Park Development Center (創智綠谷發展中心)) granted by the Hangzhou Property Management Institute; a number of the Group’s projects have been awarded “High-standard Household Waste Classification Demonstration Community in Zhejiang Province (浙江省高標準生活垃圾分類示範社區)” (Guanhu Lanting\* (觀湖藍庭), Yongkang Yuehong Bay\* (永康悅虹灣), Jiande Guanlan Mansion\* (建德觀瀾府), Zijin Mansion\* (紫金府), Shangyu Longshan Mansion\* (上虞龍山觀邸), Pinghu Wanjia Flower City Jiaheyuan\* (平湖萬家花城家和苑), and Pinghu Wanjia Flower City Xingheyuan\* (平湖萬家花城興和苑)); and Nanxiuyuan\* (南秀苑) was awarded the Zhejiang red property.



The Group actively participated in the management of affordable housing, social public infrastructure and sites, provided social services, launched the “Ginkgo Service” events for the elderly, participated in community philanthropy venture capital projects, and actively fulfilled social responsibilities, which were recognized by the government and the wider society. The Group attaches great importance to the efforts in community cultural activities by launching various community activities to create a harmonious community atmosphere. In the first half year of 2024, the Group organized events for the Chinese traditional festivals to create an atmosphere for traditional cultures. In addition, the Group organized events for the Learn from Lei Feng Day, Open-air Film Festival, Tree-planting Day and the “Way Along Flowers (一路凡花)” flea market, Binjiang Homeowners Photography Competition themed “Binjiang Light and Shadow Happiness Mark (濱江光影·幸福印記濱江業主)”, the 12th “I’m a Little Swimming Talent” Binjiang Younger Homeowners Swimming Competition, and the Fashionable Carnival to enable homeowners to enjoy a rich and diverse park life.

Distinguished Shareholders, the Group will stay true to its commitment to services. To do so, we will stress quality development, value brand reputation, fulfill our social responsibilities and create value for the Shareholders.

**Yu Zhongxiang**

*Chairman*

Hangzhou, the PRC, 29 August 2024

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

Looking back to the first half of 2024, the Group continued to maintain steady growth, persistently cultivating and further expanding its business scope within the Yangtze River Delta. The Group has a total of 175 subsidiaries and branches in 21 cities including Zhejiang Province, Jiangsu Province, Jiangxi Province, Shanghai, Hainan Province and Guangdong Province in China, providing high-quality property services for 280,000 property owners. As of 30 June 2024, the GFA under management of the Group was approximately 63.1 million sq.m., representing a year-on-year increase of 29.6%, and an increase of 15.1% as compared to that as of 31 December 2023. The contracted GFA was approximately 90.0 million sq.m., representing a year-on-year increase of 21.3%, which will strongly sustain the business growth of the Group.

As of 30 June 2024, the Group's revenue increased by 38.7% to RMB1,650.4 million. The Group's gross profit increased by 32.6% from the corresponding period of 2023 to RMB421.7 million. The Group's gross profit margin was 25.6%, representing a decrease of 1.1 percentage points from the corresponding period of 2023. Among which, revenue generated from property management services, value-added services to non-property owners and 5S value-added services amounted to RMB905.3 million, RMB250.7 million and RMB494.3 million, respectively. In the first half year of 2024, the average monthly property management fee of the Group was approximately RMB4.17 per sq.m. (the corresponding period of 2023: RMB4.27 per sq.m.), calculated by dividing the property management fee income for the Reporting Period by the average chargeable GFA at the beginning and the end of the Reporting period. Leveraging its brand recognition and industry influence, the Group was able to charge relatively higher property management fees for its quality property management services. From 2015 to the first half of 2024, the Group increased management fee 64 times in total.

The Group provided high-quality property management services that are tailored to its customers' need and maintained its brand recognition and awareness in terms of property services. As the Group's quality services were highly recognized within the region, Hangzhou Binjiang Investment Holdings Co., Ltd.\* (杭州濱江投資控股有限公司) and its subsidiaries (collectively, the "**Binjiang Group**") have established close business relationship with the Group and continuously provided a large number of premium projects to the Group. In the first half year of 2024, the full-scale cumulative sales of Binjiang Group amounted to RMB58.23 billion, ranking 8th in the full-scale cumulative sales list of national real estate enterprises of CRIC, and acquired 10 pieces of quality land in total in Hangzhou.

Leveraging its high-quality services and reputation, the Group was able to expand its business through various channels and undertake a wide range projects, including but not limited to expanding its direct sales, maintaining good relationships with strategic partners

and undertaking government projects. During the Reporting Period, the Group actively promoted the third-party project expansion strategy. As of 30 June 2024, 57.7% of GFA under management, or 36.4 million sq.m., was from independent third parties, and the net increase in GFA under management from independent third parties accounted for 65.2%.

With brand quality remaining as its core competitiveness, the Group will build a stronger talent team, continuously improve the Company's high-end property management model, and raise the standard of specialized services. The Group will promote the construction of informatization and intelligence, improve the efficiency of management regime, system and process, improve the quality assurance system, and continuously improve its operational capabilities. With these efforts, it aims to achieve sustainable and high-quality development.

### **Business models of the Group**

The management classified business segments into property management services, value-added services to non-property owners and 5S value-added services, forming an entire value chain of comprehensive services within property management.

- **Property management services:** The Group provides a series of high-quality property management services, including security, cleaning, gardening, repair, maintenance and ancillary services to its property owners, and charges service fee from residents and property owners or real estate developers of such properties under its management for property management services. In addition, the Group provides land reserve management services, primarily including land management and maintenance, green planting and maintenance, wall and fence painting works, muck removal and transportation, installation and management of monitoring devices, and others.
- **Value-added services to non-property owners:** The Group provides value-added services to non-property owners, mainly to property developers. These services refer to pre-delivery services, consulting services and community space services.

Pre-delivery services include cleaning, assisting with quality check and security services for completed properties and display units and providing property sales venue management services to property developers during the pre-delivery stage of property sales.

Consulting services include advising property developers at the early and construction stages on project planning, design management and construction management to enhance functionality, comfort and convenience.

Community space services include (i) assisting advertisement companies with regards to advertisement placements in the community spaces in the Group's managed properties, and (ii) managing community venues in the Group's managed properties.

- **5S value-added services:** The Group also provides 5S value-added services to property owners, including three major businesses, namely Youjia services, Youju services and Youxiang living services.

Youjia services include the primary and secondary property sales, leasing agent services and car parking space and storage room services. The Group is committed to providing attentive services for customers with its resources.

Youju services include home decoration services. It adheres to its “Living Home” interior services concept to provide elegant, stylish, modern and customized furnishing services, interior design services, home decoration services as well as facility upgrade services and maintenance for its customers.

Youxiang living services include home living services. In view of the different functions in residential and non-residential properties, the Group provides additional services that are tailored to its customers’ need.

It has been the strategic objective of the Group to expand its managed area with stability and quality. The Group seeks to maintain steady increase in contracted GFA and GFA under management through various channels.

The table below sets out the changes in the contracted GFA and GFA under management of the Group for the Reporting Period and the corresponding period of 2023:

	<b>For the six months ended 30 June</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Contracted GFA (’000 sq.m.)</b>	<b>GFA under management (’000 sq.m.)</b>	<b>Contracted GFA (’000 sq.m.)</b>	<b>GFA under management (’000 sq.m.)</b>
At the beginning of the Reporting Period	<b>82,168</b>	<b>54,847</b>	69,058	41,970
Addition	<b>9,046</b>	<b>9,199</b>	6,234	7,810
Termination	<b>(1,218)</b>	<b>(927)</b>	(1,072)	(1,072)
At the end of the Reporting Period	<b><u>89,996</u></b>	<b><u>63,119</u></b>	<b><u>74,220</u></b>	<b><u>48,708</u></b>

*Note:* To further integrate business resources and optimize resource allocation, the Group withdrew from total of 10 projects in the first half year of 2024.

The table below sets forth the breakdown of the Group’s total property management services revenue, GFA under management and number of projects by type of properties during the Reporting Period and the corresponding period of 2023:

	<b>For the six months ended 30 June</b>					
	<b>2024</b>			<b>2023</b>		
	<b>Revenue (RMB’000)</b>	<b>GFA under management (’000 sq.m.)</b>	<b>Number of projects</b>	<b>Revenue (RMB’000)</b>	<b>GFA under management (’000 sq.m.)</b>	<b>Number of projects</b>
Residential	<b>689,428</b>	<b>51,589</b>	<b>287</b>	524,128	39,184	222
Non-residential	<b>212,829</b>	<b>11,530</b>	<b>111</b>	192,008	9,524	106
Land management	<b>3,078</b>	<b>—</b>	<b>—</b>	3,214	—	—
Total	<b><u>905,335</u></b>	<b><u>63,119</u></b>	<b><u>398</u></b>	<b><u>719,350</u></b>	<b><u>48,708</u></b>	<b><u>328</u></b>

The table below sets forth the breakdown of the Group's total property management services revenue, GFA under management and number of projects by type of developers during the Reporting Period and the corresponding period of 2023:

	For the six months ended 30 June					
	2024			2023		
	Revenue (RMB'000)	GFA under management ( '000 sq.m.)	Number of projects	Revenue (RMB'000)	GFA under management ( '000 sq.m.)	Number of projects
Properties developed by						
Binjiang Group <sup>(1)</sup>	449,162	26,729	160	355,935	21,404	129
— early stage	222,838	14,230	92	226,256	14,395	90
— property owners' association stage	226,324	12,499	68	129,679	7,010	39
Properties developed by independent property developers	453,095	36,390	238	360,201	27,304	199
— early stage	273,161	24,303	175	230,302	8	151
— property owners' association stage	179,934	12,087	63	129,899	9,444	48
Land management	3,078	—	—	3,214	—	—
<b>Total</b>	<b>905,335</b>	<b>63,119</b>	<b>398</b>	<b>719,350</b>	<b>48,708</b>	<b>328</b>

*Note:*

- (1) Refers to properties developed solely or co-developed with other parties by subsidiaries or joint ventures or associates of Binjiang Group.

The table below sets forth the breakdown of total property management services revenue, GFA under management and number of projects by geographic region during the Reporting Period and the corresponding period of 2023:

	For the six months ended 30 June					
	2024			2023		
	Revenue (RMB'000)	GFA under management ('000 sq.m.)	Number of projects	Revenue (RMB'000)	GFA under management ('000 sq.m.)	Number of projects
Hangzhou	642,761	40,174	271	512,480	30,121	229
Zhejiang Province (excluding Hangzhou)	234,246	21,151	116	179,887	16,942	88
Outside Zhejiang	28,328	1,794	11	26,983	1,645	11
Total	<u>905,335</u>	<u>63,119</u>	<u>398</u>	<u>719,350</u>	<u>48,708</u>	<u>328</u>

## **FUTURE PROSPECTS**

### **Further promotion of quality brand building**

The Group will continue to strengthen its brand responsibility, and strive to become a brand leader in the property industry, and a high-end service quality standard setter. The Group will consolidate its service standardization system, improve the allocation standards of different business formats, regions and service contents, and build differentiated services by leveraging its own benchmarks and competitive products, and strive to achieve the phased goals of becoming “a top property management brand in China and a benchmark in Zhejiang”. Through providing effective and consistent services quality, the Group will gain higher brand value and sustainable market competitiveness.

The Group will optimize its customer service system, listen to the opinions of property owners and partners through multiple channels, continuously consolidate and improve its service capabilities, and continue to build brand reputation, so as to consolidate its own competitiveness and continuously promote the sound development of the enterprise.

### **Further expansion of business scale and market share**

In the future, the Group will continue to expand its brand influence, leverage its success in the high-end market in the Yangtze River Delta and its existing service management systems and standards to expand its current market share. The Group utilizes a benchmark model where it takes root within the region once a benchmark property has been established within. Focusing on Hangzhou and taking root in the Yangtze River Delta, the Group will focus on the operation in the existing markets and strategically expand its business coverage in eastern China. The Group will also explore opportunities in the Greater Bay Area and the mid-west China. The trend for the quality expansion and high-quality development of the Group has been basically formed. The Group will strive to initiate a project in one year, develop the project in three years and optimize it in five years. The expansion of the Jinhua region has already achieved initial results, and the Group will develop Shanghai and Zhejiang and other key regions in the future. In addition, the Group also actively expands its business into a wide range of urban services and other industries to strengthen its comprehensive service capabilities.



## **Providing diversified services**

The value-added service is provided to property owners with the life service scene where the Company's advantages are located. The Group strives to become a trustworthy property manager and caretaker for customers, it will develop value-added service systems focusing on 5S and form resource aggregation and mutually beneficial development model to diversify value-added services for property owners and customers. Binjiang Youjia's agency business will continue to be developed. With a dedicated, professional and exclusive service attitude, the sales team in the primary properties, the sales team of the secondary properties and the property service team collaborated in various aspects to gain customers' recognition with efficient and considerate services. Binjiang Youju will continue to focus on the actual needs of property owners. The one-stop fully furnished services include home interior design and home decoration services, decoration management, household cabinet customization, furniture customization, electrical appliances and equipment selection and addition. In terms of 5S service, the Group, adhering to the vision of "Creating Life through Furnishing the Home", will capitalize its advantages derived from the existing brands and platform to establish strategic partnerships through various channels. Meanwhile, the Group will continue to actively seek for additional partnership opportunities with well-known enterprises in the industry, promoting and replicating its successful partnership model.

## **Further improvement of management and operation systems**

The Group will continue to upgrade its internal management system and smart management platform, while adhering to its principles and maintaining a degree of flexibility to prepare for future enterprise development. The Group aims to boost its development through optimizing its management structure, setting up standardized operation procedures, and strengthening the procurement control to refine its internal control mechanism and improve multidimensional data coordination, analysis and benchmarking. In addition, the Group strives to enhance its management efficiency by using smart approaches. The Group aims to provide property owners with comprehensive, fast, convenient and safety services through integrating internal and external resources. Furthermore, through the improvement of internal control system and financial information management, the Group will strengthen the management and utilization of resources, encourage the sale management of parking spaces, storage rooms and other assets, and continue to strengthen the timeliness and validity of the management and control of expenses, costs and accounts receivable.

## **Strengthening the corporate governance and culture construction**

The Group will continue the work on its corporate management level, and enhance its internal control and risk management. The Group will strengthen the construction of corporate culture, make employees more belonging and cohesive and the enterprise more standardized, transparent, stable, efficient, sound and sustainable development, so as to enhance the value of the enterprise and protect the rights and interests of the Shareholders.

## FINANCIAL REVIEW

The Group's revenue was generated from three main business lines: (i) property management services; (ii) value-added services to non-property owners; and (iii) 5S value-added services. During the Reporting Period, (i) the property management services was the largest source of revenue and profit for the Group, accounting for 54.9% of total revenue; and (ii) 5S value-added services was the second largest source of revenue for the Group, accounting for 29.9% of total revenue.

	For the six months ended 30 June				Year-on-year change %
	2024		2023		
	<i>RMB'000</i>	<i>% of total revenue</i>	<i>RMB'000</i>	<i>% of total revenue</i>	
<b>Property management services</b>	<b>905,335</b>	<b>54.9</b>	719,350	60.4	25.9
Property management services for residential properties	<b>689,428</b>	<b>41.8</b>	524,128	44.0	31.5
Property management services for non-residential properties	<b>212,829</b>	<b>12.9</b>	192,008	16.1	10.8
Land management	<b>3,078</b>	<b>0.2</b>	3,214	0.3	-4.2
<b>Value-added services to non-property owners</b>	<b>250,748</b>	<b>15.2</b>	279,492	23.5	-10.3
Pre-delivery services	<b>228,951</b>	<b>13.9</b>	263,825	22.2	-13.2
Consulting services	<b>11,254</b>	<b>0.7</b>	10,904	0.9	3.2
Community space services	<b>10,543</b>	<b>0.6</b>	4,763	0.4	121.4
<b>5S value-added services</b>	<b>494,324</b>	<b>29.9</b>	191,234	16.1	158.5
Youjia services	<b>52,868</b>	<b>3.2</b>	51,297	4.3	3.1
Among which, car parking spaces and storage rooms sales services	<b>36,679</b>	<b>2.2</b>	15,964	1.3	129.8
Youju services	<b>419,718</b>	<b>25.4</b>	120,707	10.1	247.7
Youxiang living services	<b>21,738</b>	<b>1.3</b>	19,230	1.7	13.0
<b>Total</b>	<b><u>1,650,407</u></b>	<b><u>100.0</u></b>	<b><u>1,190,076</u></b>	<b><u>100.0</u></b>	<b><u>38.7</u></b>

**Property management services** consist of security, cleaning, gardening, repair, maintenance, land management and ancillary services. Revenue generated amounted to RMB905.3 million, representing an increase of 25.9% as compared with RMB719.4 million for the corresponding period of 2023. It was the Group's main source of revenue and accounted for 54.9% of total revenue for the six months ended 30 June 2024. The increase in revenue was mainly due to the increase in the number of projects as a result of business expansion. Revenue generated from the provision of property management services to properties developed by Binjiang Group was RMB449.2 million, representing a year-on-year increase of 0.1 percentage points compared with RMB355.9 million for the corresponding period of 2023, and accounted for 49.6% of revenue from property management services during the Reporting Period.

**Value-added services to non-property owners** mainly include pre-delivery services, consulting services and community space services. Revenue generated from the services amounted to RMB250.7 million, representing a decrease of 10.3% compared with RMB279.5 million for the corresponding period of 2023, and accounted for approximately 15.2% of the Group's total revenue. The decline of revenue was mainly due to the decrease in the number of addition projects from developers.

**5S Value-added services** mainly composed of Youjia services, Youju services and Youxiang living services. Revenue generated amounted to RMB494.3 million, representing an increase of 158.5% as compared with RMB191.2 million for the corresponding period of 2023, and accounted for approximately 29.9% of the Group's total revenue. Among them, the sales service revenue of car parking spaces and storage rooms reached RMB36.7 million, representing an increase of 129.8% compared with the same period in 2023, mainly due to the increase in revenue caused by the Group's strengthening of cooperation between the Youjia team and the property service center and the precise formulation of sales strategies; revenue from Youju services was RMB419.7 million, representing an increase of 247.7% compared with the same period in 2023, mainly due to the rapid development of home decoration services, resulting in an increase in the revenue during the Reporting Period.

## Gross profit and gross profit margin

Based on the above factors, during the Reporting Period, the Group's gross profit increased by 32.6% from RMB318.0 million for the six months ended 30 June 2023 to RMB421.7 million for the six months ended 30 June 2024. The Group's gross profit margin decreased by 1.1 percentage points from 26.7% for the six months ended 30 June 2023 to 25.6% for the six months ended 30 June 2024, mainly due to the rapid development of furnishing services in the Youju services, which accounted for an increase in the proportion.

	For the six months ended 30 June					
	2024			2023		
	Gross profit	% of gross profit	Gross profit	Gross profit	% of gross profit	% of gross profit
	RMB'000	%	%	RMB'000	%	%
Property management services	178,432	19.7	42.3	138,228	19.2	43.5
Value-added services to non-property owners	107,771	43.0	25.6	113,254	40.5	35.6
5S value-added services	135,542	27.4	32.1	66,550	34.8	20.9
Total	<u>421,745</u>	25.6	<u>100.0</u>	<u>318,032</u>	26.7	<u>100.0</u>

Gross profit of property management services increased by 29.1% from RMB138.2 million for the six months ended 30 June 2023 to RMB178.4 million for the six months ended 30 June 2024. Gross profit margin increased by 0.5 percentage points from 19.2% for the six months ended 30 June 2023 to 19.7% for the six months ended 30 June 2024. The gross profit margin of property management services was basically flat.

Gross profit of value-added services to non-property owners decreased by 4.8% from RMB113.3 million for the six months ended 30 June 2023 to RMB107.8 million for the six months ended 30 June 2024. Gross profit margin increased by 2.5 percentage points from 40.5% for the six months ended 30 June 2023 to 43.0% for the six months ended 30 June 2024. The increase in gross profit margin was mainly due to the Group's strengthening of cost control.

Gross profit of 5S value-added services increased by 103.7% from RMB66.6 million for the six months ended 30 June 2023 to RMB135.5 million for the six months ended 30 June 2024. Gross profit margin decreased by 7.4 percentage points from 34.8% for the six months ended 30 June 2023 to 27.4% for the six months ended 30 June 2024. The decrease in gross profit margin was mainly due to the rapid development of furnishing services, which accounted for an increase in the proportion.

### **Cost of sales**

During the Reporting Period, the Group's cost of sales increased by 40.9% from RMB872.0 million for the six months ended 30 June 2023 to RMB1,228.7 million for the six months ended 30 June 2024, mainly due to the growth in business scale and the overall relative increase of cost of sales, which was consistent with the growth of revenue.

### **Selling and marketing expenses**

During the Reporting Period, the Group's selling and marketing expenses increased by 41.5% from RMB7.6 million for the six months ended 30 June 2023 to RMB10.7 million for the six months ended 30 June 2024, mainly due to the increase in market expansion expenses.

### **Administrative expenses**

During the Reporting Period, the Group's administrative expenses increased by 50.5% from RMB33.2 million for the six months ended 30 June 2023 to RMB49.9 million for the six months ended 30 June 2024, mainly due to the Group's strengthening of management and the development of talent team.

### **Impairment losses on trade receivables and contract assets**

During the Reporting Period, the Group's impairment losses on trade receivables and contract assets increased by 311.3% from RMB3.1 million for the six months ended 30 June 2023 to RMB12.7 million for the six months ended 30 June 2024, mainly due to the increase in accounts receivable from independent third party businesses, resulting in an increase in provision for bad debts.

## **Net finance income**

During the Reporting Period, the Group's finance income represented interest income on bank deposits. The finance income increased from RMB31.1 million for the six months ended 30 June 2023 to RMB40.5 million for the six months ended 30 June 2024. The increase was mainly attributable to an increase in interest income from high-yield deposit products as a result of the centralized self-owned capital management of the Group. The finance costs decreased from RMB0.3 million for the six months ended 30 June 2023 to RMB0.1 million for the six months ended 30 June 2024. As a result, the net finance income increased by 31.6% from RMB30.8 million for the six months ended 30 June 2023 to RMB40.5 million for the six months ended 30 June 2024.

## **Share of profits less losses of associates and share of profits less losses of joint ventures**

During the Reporting Period, the Group's share of profits less losses of associates and share of profits less losses of joint ventures decreased by 89.4% from a profit of RMB5.1 million for the six months ended 30 June 2023 to a profit of RMB0.5 million for the six months ended 30 June 2024, mainly due to the decrease in profit from associates and joint ventures during the Reporting Period.

## **Profit before taxation**

During the Reporting Period, the Group's profit before taxation was RMB391.7 million, representing an increase of 24.5% as compared with RMB314.5 million for the corresponding period of 2023, mainly due to the increase in gross profit from operations during the Reporting Period.

## **Income tax**

During the Reporting Period, the Group's income tax expenses were RMB119.3 million, representing an increase of 54.9% as compared with RMB77.0 million for the corresponding period of 2023, mainly due to the business growth and the provision and payment of withholding tax.

## **Profit for the Period**

During the Reporting Period, the Group's profit amounted to RMB272.3 million, representing an increase of 14.7% as compared with RMB237.5 million for the corresponding period of 2023, mainly due to the business growth. The profit attributable to equity shareholders of the Company was RMB265.3 million, representing an increase of 14.9% compared with RMB231.0 million for the corresponding period of 2023. Net profit margin was 16.5%, decreasing by 3.5 percentage points from 20.0% for the corresponding period of 2023.

## **Current assets, financial resources and current ratio**

The Group maintained good financial performance during the Reporting Period. As at 30 June 2024, current assets were RMB2,737.0 million, representing an increase of 5.1% as compared with RMB2,605.2 million as at 31 December 2023.

The Group's cash and cash equivalents as at 30 June 2024 were RMB867.1 million, representing a decrease of 40.4% as compared with RMB1,455.4 million as at 31 December 2023. This was mainly due to the payment and purchase of time deposit wealth management products. As at 30 June 2024, current ratio was 1.0 time, which was basically the same as 1.0 time as of 31 December 2023.

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

As at 30 June 2024, the total equity of the Group was RMB1,459.6 million, representing a decrease of 5.3% as compared with RMB1,541.6 million as at 31 December 2023.

## **Contract liabilities**

As at 30 June 2024, the contract liabilities of the Group amounted to RMB1,714.3 million, representing an increase of 10.2% as compared with RMB1,555.8 million as at 31 December 2023. The increase was mainly due to the increase in the number of projects and an increase of RMB233 million in the prepayment of property fee.

## **Property, plant and equipment**

As at 30 June 2024, the property, plant and equipment of the Group amounted to RMB43.3 million, representing a decrease of 0.3% as compared with RMB43.4 million as at 31 December 2023.

## **Contingent liabilities**

The Group did not have any contingent liabilities as at 30 June 2024 and 31 December 2023.

## **Pledged assets**

The Group did not have any pledged assets as at 30 June 2024 and 31 December 2023.

## **Trade and other receivables**

As at 30 June 2024, trade and other receivables amounted to RMB783.8 million, representing an increase of RMB238.5 million and 43.7% as compared with RMB545.3 million as at 31 December 2023, mainly due to the increase in prepayment from furnishing services.

## **Trade and other payables**

As at 30 June 2024, trade and other payables amounted to RMB929.8 million, representing an increase of RMB82.6 million and 9.8% as compared with RMB847.2 million as at 31 December 2023, mainly due to the expansion of business scale.

## **Human resources**

As at 30 June 2024, the Group employed a total of 12,678 employees (as at 31 December 2023: 11,647 employees). During the Reporting Period, the staff costs of the Group was RMB558.4 million (six months ended 30 June 2023: RMB446.5 million).

## **Significant investments**

The Company did not have any significant investments (including significant investments which accounted for 5% or more of the total assets of the Group) during the Reporting Period.

## **Details about material acquisitions and disposals of subsidiaries, associates and joint ventures**

During the Reporting Period, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

## **Exposure to foreign exchange risks**

The Group is exposed to foreign exchange risks primarily through sales and purchases that are denominated in a currency other than the respective functional currencies of the Group's entities.



The functional currency of the Company, the British Virgin Islands subsidiaries and the Hong Kong subsidiaries is HK\$. Their businesses are principally conducted in HK\$. In addition, as the HK\$ is pegged to the US\$, the Group considers the risk of movements in exchange rates between the HK\$ and the US\$ to be insignificant.

The primary functional currency and primary operating currency of the Group are RMB. Therefore, the Group considers the exposure to foreign exchange risks to be insignificant. Currently, the Group did not entered into any hedging transaction agreements.

## **INTERIM DIVIDEND**

After considering the Group's positive business development and the returns to the Shareholders, the Board resolved to declare an interim dividend for the six months ended 30 June 2024 of HK\$0.630 per share and no withholding of any tax will be made by the Company. Shareholders are required to deal with the filing and payment of tax with the relevant tax authority. The dividend ratio of its net profit attributable to equity shareholders of the Company is approximately 60%, while the interim dividend amounted to approximately HK\$174.1 million in total. The interim dividend is expected to be paid to the Shareholders on Friday, 18 October 2024.

For the purpose of determining the Shareholders who are entitled to the right of the interim dividend, the register of members of the Company will be closed from Friday, 4 October 2024 to Tuesday, 8 October 2024 (both days inclusive). Shareholders whose names appear on the register of members of the Company on Tuesday, 8 October 2024 will be entitled to the right of the interim dividend. To be eligible to receive the interim dividend, all completed transfer documents together with the relevant share certificates must be returned to the Company's Hong Kong branch share registrar for registration, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 3 October 2024.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability of the Company. During the six months ended 30 June 2024, the Company has adopted and complied with all applicable code provisions under the Corporate Governance Code (the "**CG Code**") in Appendix C1 to the Rules Governing the Listing of Securities of the Stock Exchange (the "**Listing Rules**"), except for the following deviation:

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, the Company does not have a separate chairman and chief executive officer and the responsibilities of both chairman and chief executive officer vest in Mr. Yu Zhongxiang. The Board believes that vesting the responsibilities of both chairman and chief executive officer in the same person has the benefit of ensuring the consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. Besides, with three independent non-executive Directors out of a total of eight Directors in the Board, there is sufficient independent voice within the Board to protect the interests of the Company and the Shareholders as a whole. Therefore, the Board considers that the balance of power and authority for the present arrangement is not impaired and this structure enables the Company to make and implement decisions promptly and effectively.

Save as disclosed above, the Company complied with the CG Code throughout the Reporting Period. The Company will continue to strictly abide by the corporate governance requirements under the CG Code and the Listing Rules.

## **AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS**

The Company has established the Audit Committee in compliance with the Listing Rules to perform the functions of reviewing and monitoring the financial reporting and internal control of the Company. The Audit Committee currently consists of three independent non-executive Directors, namely, Ms. Cai Haijing, Mr. Ding Jiangang and Mr. Li Kunjun. Ms. Cai Haijing is the chairperson of the Audit Committee.

The Audit Committee has reviewed with the management of the Company this interim result for the Reporting Period and the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial statements matters, including the review of the condensed consolidated financial statements of the Group for the six months ended 30 June 2024.

## **MODEL CODE FOR DIRECTOR'S SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions of the Directors and employees (the “**Securities Transaction Code**”). The Company has made specific enquiry with all Directors whether they have complied with the required standards set out in the Model Code and all Directors confirmed that they have complied with the Model Code and the Securities Transaction Code for the six months ended 30 June 2024.

The Company's employees, who are likely to be in possession of inside information of the Company, must also comply with the Securities Transaction Code. During the six months ended 30 June 2024, no incident of non-compliance of the Securities Transaction Code by the Company's relevant employees was noted by the Company.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares as defined under the Listing Rules) for the six months ended 30 June 2024. As of the end of the Reporting Period, the Company did not hold any treasury share.

## **EVENTS AFTER THE REPORTING PERIOD**

As at 29 August 2024, the Directors resolved to declare an interim dividend.

Save as disclosed above, subsequent to the Reporting Period and up to the date of this announcement, there are no matters that have a significant impact on the Group that need to be disclosed.

## **USE OF PROCEEDS FROM GLOBAL OFFERING**

The gross proceeds from the Company's Global Offering (the "**Global Offering**") and the exercise of the over-allotment option amounted to HK\$455.3 million. As at 1 January 2024, the unutilised net proceeds amounted to approximately HK\$161.9 million. During the Reporting Period, the Group had utilized approximately HK\$101.5 million of the net proceeds, and as at 30 June 2024, the unutilized net proceeds from the listing amounted to approximately HK\$60.4 million.

Please refer to the announcements of the Company dated 29 May 2023 and 28 June 2023 for reasons and details of the Company's change in the use of proceeds from the Global Offering. During the Reporting Period, the net proceeds had been utilised as follows:

Use of proceeds	Proposed use of proceeds according to the Prospectus <i>(HK\$ million)</i>	New reallocation of the unutilised net proceeds <i>(HK\$ million)</i>	Unutilised proceeds as at 1 January 2024 <i>(HK\$ million)</i>	Utilised net proceeds during the Reporting Period <i>(HK\$ million)</i>	Unutilised net proceeds as at 30 June 2024 <i>(HK\$ million)</i>
Acquisition of property management companies located in major cities in the Yangtze River Delta to further increase the Group's market share in the existing market, and also in new cities such as Shenzhen to expand the Group's geographical coverage	159.4	—	—	—	—
Updating the Group's management service systems and recruiting and nurturing talents	113.8	125.3	97.2	47.7	49.5
Investment in the asset management platform to engage in the operation of industrial parks	91.1	—	—	—	—
Establishing joint venture companies or platform through the cooperation with local governments and property developers <sup>1</sup>	45.5	75.2	31.4	31.4	—
As working capital and for other general corporate purposes	45.5	50	33.3	22.4	10.9
	<u>455.3</u>	<u>250.5</u>	<u>161.9</u>	<u>101.5</u>	<u>60.4</u>

1. As of 30 June 2024, 29 cooperation platforms had been established.

The Group plans to fully utilise the remaining unutilised net proceeds by 31 December 2025.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT ON THE WEBSITES OF STOCK EXCHANGE AND THE COMPANY**

This interim results announcement has been published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at <http://www.hzbjwy.com>, respectively. The interim report of the Company for the Reporting Period, which contains all information required by the Listing Rules, will be published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board  
**Binjiang Service Group Co. Ltd.**  
**Yu Zhongxiang**  
*Chairman and Executive Director*

Hangzhou, the PRC  
29 August 2024

*As at the date of this announcement, the Board comprises Mr. Yu Zhongxiang and Ms. Zhong Ruoqin as executive Directors; Mr. Mo Jianhua, Mr. Qi Jiaqi and Mr. Cai Xin as non-executive Directors; and Mr. Ding Jiangang, Mr. Li Kunjun and Ms. Cai Haijing as independent non-executive Directors.*