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Beijing Capital Jiaye Property Services Co., Limited
北京京城佳業物業股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2210)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL SUMMARY

For the six months ended 30 June 2023, the total revenue of the Group was approximately RMB888.1 million, representing an increase of approximately 33.4% as compared with approximately RMB665.7 million in the same period of 2022.

For the six months ended 30 June 2023, the gross profit of the Group was approximately RMB194.0 million, representing an increase of approximately 23.9% from approximately RMB156.6 million in the same period of 2022.

For the six months ended 30 June 2023, the profit for the period of the Group was approximately RMB61.6 million, representing an increase of approximately 16.0% from approximately RMB53.1 million in the same period of 2022.

As of 30 June 2023, the Group had approximately 39.1 million sq.m. of area under its management, representing an increase of approximately 13.7% from approximately 34.4 million sq.m. as of 30 June 2022.

The board (the “**Board**”) of directors (the “**Directors**”) of Beijing Capital Jiaye Property Services Co., Limited (the “**Company**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**” or “**we**”) for the six months ended 30 June 2023 (the “**Reporting Period**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023-unaudited
(Expressed in Renminbi (“RMB”))

| | Note | Six months ended 30 June | |
|---|------|--------------------------|------------------|
| | | 2023 RMB’000 | 2022 RMB’000 |
| Revenue | 4 | 888,082 | 665,694 |
| Cost of sales | | <u>(694,057)</u> | <u>(509,121)</u> |
| Gross profit | | 194,025 | 156,573 |
| Other income | 5 | 3,678 | 9,317 |
| Administrative expenses | | (99,768) | (88,412) |
| Selling expenses | | (6,003) | (3,773) |
| Expected credit loss on trade and other receivables | 6(d) | <u>(20,350)</u> | <u>(10,797)</u> |
| Profit from operations | | 71,582 | 62,908 |
| Finance income | 6(a) | 10,798 | 10,449 |
| Finance costs | 6(b) | (1,027) | (1,147) |
| Share of losses of an associate | | <u>(98)</u> | <u>–</u> |
| Profit before taxation | 6 | 81,255 | 72,210 |
| Income tax | 7 | <u>(19,630)</u> | <u>(19,113)</u> |
| Profit for the period | | <u>61,625</u> | <u>53,097</u> |

| | | Six months ended 30 June | |
|---|-------------|---------------------------------|----------------|
| | <i>Note</i> | 2023 | 2022 |
| | | RMB'000 | RMB'000 |
| Profit for the period | | 61,625 | 53,097 |
| Other comprehensive income for the period | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | |
| Remeasurement of defined benefit obligations | | 1,142 | 20 |
| Income tax relating to remeasurement of defined benefit obligations | | (286) | (5) |
| Equity investments at fair value through other comprehensive income (“FVOCI”) – net movement in fair value reserves | | (11,055) | (30) |
| Income tax relating to equity investments at FVOCI – net movement in fair value reserves | | 2,764 | 7 |
| | | <hr/> | <hr/> |
| Other comprehensive income for the period | | (7,435) | (8) |
| | | <hr/> | <hr/> |
| Total comprehensive income for the period | | 54,190 | 53,089 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Profit attributable to: | | | |
| Equity shareholders of the Company | | 58,683 | 52,437 |
| Non-controlling interests | | 2,942 | 660 |
| | | <hr/> | <hr/> |
| | | 61,625 | 53,097 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Total comprehensive income attributable to: | | | |
| Equity shareholders of the Company | | 51,226 | 52,429 |
| Non-controlling interests | | 2,964 | 660 |
| | | <hr/> | <hr/> |
| | | 54,190 | 53,089 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Earnings per share (RMB) | 8 | 0.40 | 0.36 |
| | | <hr/> <hr/> | <hr/> <hr/> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023-unaudited

(Expressed in RMB)

| | Note | 30 June 2023 RMB'000 | 31 December 2022 RMB'000 |
|--|------|-------------------------|-----------------------------|
| Non-current assets | | | |
| Investment properties | | 107,780 | 107,710 |
| Property, plant and equipment | | 77,704 | 60,739 |
| Intangible assets | | 12,960 | 14,002 |
| Other financial assets | | 61,525 | 72,580 |
| Investment in an associate | | 3,502 | – |
| Deferred tax assets | | 51,373 | 44,027 |
| | | <u>314,844</u> | <u>299,058</u> |
| | | ----- | ----- |
| Current assets | | | |
| Inventories | | 5,688 | 5,844 |
| Prepayments, trade and other receivables | 9 | 812,507 | 726,229 |
| Restricted cash | | 8,065 | 7,592 |
| Cash and cash equivalents | | 1,039,539 | 1,140,733 |
| | | <u>1,865,799</u> | <u>1,880,398</u> |
| | | ----- | ----- |
| Current liabilities | | | |
| Trade and other payables | 10 | 997,719 | 973,682 |
| Contract liabilities | | 260,391 | 305,567 |
| Lease liabilities | | 465 | 646 |
| Current taxation | | 14,181 | 12,716 |
| | | <u>1,272,756</u> | <u>1,292,611</u> |
| | | ----- | ----- |
| Net current assets | | <u>593,043</u> | <u>587,787</u> |
| | | ----- | ----- |

| | <i>Note</i> | 30 June 2023 | 31 December 2022 |
|---|-------------|-----------------------|------------------|
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| Total assets less current liabilities | | 907,887 | 886,845 |
| Non-current liabilities | | | |
| Lease liabilities | | 502 | 490 |
| Deferred tax liabilities | | 34,032 | 34,323 |
| Defined benefit obligations | | 68,694 | 69,663 |
| | | 103,228 | 104,476 |
| NET ASSETS | | 804,659 | 782,369 |
| CAPITAL AND RESERVES | | | |
| Share capital | | 146,667 | 146,667 |
| Reserves | | 626,056 | 606,730 |
| Total equity attributable to equity shareholders of the Company | | 772,723 | 753,397 |
| Non-controlling interests | | 31,936 | 28,972 |
| TOTAL EQUITY | | 804,659 | 782,369 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

1 CORPORATION INFORMATION

The Company was established in the People's Republic of China (the "PRC") on 22 December 2020 as a joint stock company with limited liability. The address of the Company's registered office is Room 301, Building 34, Fahuananli, Dongcheng District, Beijing, the PRC. The Company's H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 November 2021.

The Group is primarily engaged in the provision of property management and related services in the PRC.

2 BASIS OF PREPARATION

This interim financial information set out below is derived from the unaudited interim financial report, which 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*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on 16 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report 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.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following new and amended IFRSs issued by the IASB to this interim financial report for the current accounting period:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform - Pillar Two model rules*

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

4 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are the provision of property management services, community value-added services and value-added services to non-property owners. Further details regarding the Group's principal activities are disclosed in Note 4(b).

(a) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

For property management services, the Group recognises revenue when the services are provided on monthly basis and recognises to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group has elected the practical expedient not to disclose the remaining performance obligations for this type of contracts. The majority of the property management services do not have a fixed term.

For community value-added services and value-added services to non-property owners, they are rendered in short period of time and there is no significant unsatisfied performance obligation at the end of the reporting period.

(b) Segment reporting

The directors of the Company have been identified as the Group's most senior executive management. Operating segments are identified on the basis of internal reports that the Group's most senior executive management reviews regularly in allocating resource to segments and in assessing their performances.

The Group's most senior executive management makes resources allocation decisions based on internal management functions and assesses the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

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 all of the Group's assets are situated in the PRC.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and disaggregation of revenue by major service lines is as follows:

| | Six months ended 30 June | |
|--|---------------------------------|----------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| Revenue from contracts with customers within the scope of IFRS 15 | | |
| Disaggregated by timing of revenue recognition | | |
| – Revenue recognised over time | 860,584 | 656,021 |
| – Revenue recognised at point in time | 477 | – |
| Revenue from other sources | | |
| – Rental income | 27,021 | 9,673 |
| | 888,082 | 665,694 |
| Disaggregated by service lines | | |
| – Property management services | 512,754 | 441,105 |
| – Value-added services to non-property owners | 191,916 | 81,597 |
| – Community value-added services | 183,412 | 142,992 |
| | 888,082 | 665,694 |

For the six months ended 30 June 2023, revenue from Beijing Urban Construction Group Co., Ltd. (“**BUCG**”) and its subsidiaries (together, the “**BUCG Group**”) contributed 17.7% of the Group’s revenue (six months ended 30 June 2022: 20.5%). Other than the BUCG Group, the Group’s customer base is diversified and none of them contributed 10% or more of the Group’s revenue during the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

5 OTHER INCOME

| | <i>Note</i> | Six months ended 30 June | |
|---|-------------|--------------------------|------------------------|
| | | 2023 <i>RMB’000</i> | 2022 <i>RMB’000</i> |
| Fair value gain of investment properties | | 70 | 2,140 |
| Net loss on disposal of property, plant and equipment | | (23) | (65) |
| Additional deduction of input value-added tax (“VAT”) | (i) | 2,791 | 1,667 |
| Net foreign exchange (losses)/gains | | (242) | 4,666 |
| Others | | 1,082 | 909 |
| | | <u>3,678</u> | <u>9,317</u> |

Note:

- (i) Pursuant to Caishui [2023] No. 1 Announcement on Clarifying the VAT Deduction Policy for the Small-scale Taxpayers, taxpayers engaging in the provision of modern services are allowed to deduct extra 5% of the deductible input VAT for the six months ended 30 June 2023.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after crediting/charging:

(a) Finance income

| | Six months ended 30 June | |
|----------------------------------|--------------------------|------------------------|
| | 2023 <i>RMB’000</i> | 2022 <i>RMB’000</i> |
| Interest income on bank deposits | <u>10,798</u> | <u>10,449</u> |

(b) Finance costs

| | Six months ended 30 June | |
|---|--------------------------|------------------------|
| | 2023 <i>RMB’000</i> | 2022 <i>RMB’000</i> |
| Interest on defined benefit obligations | 1,005 | 1,051 |
| Interest on lease liabilities | <u>22</u> | <u>96</u> |
| | <u>1,027</u> | <u>1,147</u> |

(c) **Staff costs**

| | Note | Six months ended 30 June | |
|--|------|--------------------------|----------------|
| | | 2023 | 2022 |
| | | RMB'000 | RMB'000 |
| Salaries, wages and other benefits | | 184,470 | 191,858 |
| Expenses recognised in respect of defined benefit retirement plans | | 708 | 445 |
| Contributions to defined contribution retirement plan | (i) | 22,249 | 16,792 |
| | | <u>207,427</u> | <u>209,095</u> |

Note:

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

(d) **Other items**

| | Six months ended 30 June | |
|---|--------------------------|---------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| Amortisation cost of intangible assets | 1,042 | 361 |
| Depreciation charge | | |
| – Owned property, plant and equipment | 7,523 | 4,863 |
| – Other properties leased for own use carried at cost | 628 | 2,100 |
| Bank charges | 919 | 677 |
| Cost of inventories | 448 | – |
| Expected credit loss on trade and other receivables | | |
| – Trade receivables | 20,350 | 10,837 |
| – Other receivables | – | (40) |
| Auditors' remuneration | | |
| – Audit services | 800 | 800 |

7 **INCOME TAX**

| | Six months ended 30 June | |
|---|--------------------------|----------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| Current tax – PRC Corporate Income Tax | | |
| Provision for the period | 24,789 | 23,191 |
| Deferred tax | | |
| Origination and reversal of temporary differences | <u>(5,159)</u> | <u>(4,078)</u> |
| | <u>19,630</u> | <u>19,113</u> |

Note:

The provision for PRC Corporate Income Tax for the six months ended 30 June 2023 is calculated at 25% of the estimated assessable profits for the period (six months ended 30 June 2022: 25%), except for one subsidiary of the Group, Beijing Urban Construction Chongqing Property Management Co., Ltd. (“**Chongqing Property**”).

Chongqing Property has been approved as Small Low-profit Enterprises and is subject to a preferential income tax rate of 5% during the reporting period.

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB58,683,000 (six months ended 30 June 2022: RMB52,437,000) and the weighted average of 146,667,200 ordinary shares (six months ended 30 June 2022: 146,667,200 shares) in issue during the interim period.

Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive potential shares for the six months ended 30 June 2023 and 2022.

9 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

| | At 30 June 2023 <i>RMB'000</i> | At 31 December 2022 <i>RMB'000</i> |
|---|-----------------------------------|--|
| Trade receivables | | |
| – related parties | 222,826 | 206,548 |
| – third parties | <u>637,396</u> | <u>532,493</u> |
| | 860,222 | 739,041 |
| Less: allowance for trade receivables | <u>(104,380)</u> | <u>(84,030)</u> |
| | <u>755,842</u> | <u>655,011</u> |
| Other receivables due from related parties | 2,338 | 1,988 |
| Dividends receivable | 1,050 | 1,050 |
| Deposits | 9,754 | 6,399 |
| Other receivables | 7,055 | 4,842 |
| Less: allowance for other receivables | <u>(1,030)</u> | <u>(1,030)</u> |
| | <u>19,167</u> | <u>13,249</u> |
| Financial assets measured at amortised cost | 775,009 | 668,260 |
| Prepayments | | |
| – related parties | – | 19,290 |
| – third parties | 26,529 | 30,034 |
| Input VAT to be deducted | <u>10,969</u> | <u>8,645</u> |
| | <u>812,507</u> | <u>726,229</u> |

Trade receivables are primarily related to revenue generated from property management and related services provided to property owners and property developers.

As at 30 June 2023, other receivables due from related parties are unsecured and interest-free.

All trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis

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

| | At 30 June 2023 RMB'000 | At 31 December 2022 RMB'000 |
|---------------|----------------------------|-----------------------------------|
| Within 1 year | 548,351 | 445,399 |
| 1 to 2 years | 123,940 | 134,928 |
| 2 to 3 years | 62,681 | 58,265 |
| 3 to 4 years | 12,610 | 10,354 |
| 4 to 5 years | 3,407 | 2,418 |
| Over 5 years | 4,853 | 3,647 |
| | <u>755,842</u> | <u>655,011</u> |

10 TRADE AND OTHER PAYABLES

| | At 30 June 2023 RMB'000 | At 31 December 2022 RMB'000 |
|--|----------------------------|-----------------------------------|
| Trade payables | | |
| – related parties | 61,336 | 77,215 |
| – third parties | 406,426 | 369,441 |
| | <u>467,762</u> | <u>446,656</u> |
| Amounts due to related parties (Note (i)) | 23,271 | 48,518 |
| Accrued payroll and other benefits | 26,600 | 21,303 |
| Other taxes and charges payable | 44,020 | 40,111 |
| Deposits (Note (ii)) | 80,713 | 72,020 |
| Amounts due to property owners | 1,589 | 1,589 |
| Receipts on behalf of property owners and tenants (Note (iii)) | 80,316 | 72,254 |
| Housing maintenance funds payable (Note (iv)) | 213,257 | 214,229 |
| Amounts due to property developers | 3,812 | 3,812 |
| Other payables and accruals | 56,379 | 53,190 |
| | <u>529,957</u> | <u>527,026</u> |
| | <u>997,719</u> | <u>973,682</u> |

Notes:

- (i) Starting from 2020, the Group received refurbishment payment from a tenant on behalf of fellow subsidiaries of BUCG, which provide refurbishment services to such tenant. As a result, the amount due to related parties at 30 June 2023 also included the refurbishment payment of RMB11,571,000 (31 December 2022: RMB16,624,000).
- (ii) Deposits mainly represent the deposits paid by the property owners and tenants for property management and refurbishment.
- (iii) Receipts on behalf of property owners and tenants mainly represent utility charges received from residents on behalf of utility companies and operation income on public facilities received on behalf of property owners.

- (iv) Housing maintenance funds payable mainly represents the housing maintenance funds Beijing Uni.-Construction Beiyu Property Service Co., Ltd. (“**Beiyu Property**”) received from Beijing Uni.-Construction Group Co., Ltd. (“**BUCC**”). Pursuant to related regulations and instructions from BUCC, Beiyu Property received the housing maintenance funds from BUCC in connection with the transfer of property management service on certain residential properties, which are properties built prior to the adoption of public housing maintenance fund policy issued by related government authorities in the 1990’s. The funds are to be used along with the repair and overhaul of related properties in accordance with related regulations and instructions from BUCC.
- (v) All the trade and other payables (including amounts due to related parties) are expected to be settled within one year or are repayable on demand.

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

| | At 30 June 2023 <i>RMB’000</i> | At 31 December 2022 <i>RMB’000</i> |
|---------------|-----------------------------------|--|
| Within 1 year | 413,606 | 362,842 |
| 1 to 2 years | 37,305 | 70,320 |
| 2 to 3 years | 4,898 | 246 |
| Over 3 years | 11,953 | 13,248 |
| | <u>467,762</u> | <u>446,656</u> |

11 DIVIDENDS

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

| | Six months ended 30 June | |
|--|--------------------------|------------------------|
| | 2023 <i>RMB’000</i> | 2022 <i>RMB’000</i> |
| Final dividend in respect of the previous financial year, approved and paid during the following interim period, of RMB21.75 cents per ordinary share (six months ended 30 June 2022: 15.81 cents) | <u>31,900</u> | <u>23,188</u> |

- (ii) The directors of the Company do not recommend the payment of an interim dividend attributable to the six months ended 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

As the first state-owned property management enterprise in Beijing listed on the Main Board of the Stock Exchange, the Group has been actively integrated into the national development strategy since its establishment, strives to practice society primary-level governance, and is known as the “red housekeeper” of the capital city with strong protection, precise operation and maintenance, and the pursuit of excellence, and is committed to building “a provider of China’s best-in-class urban and lifestyle services”.

The Group made every effort to promote the implementation of the strategy of “expanding scale, increasing efficiency, strengthening management and building brand”. As a result, all indicators maintained steady growth, positive results were achieved in external market expansion, and joint venture cooperation and acquisitions progressed in an orderly manner.

The Group’s revenue comes from three main service lines: (i) property management services; (ii) value-added services to non-property owners; and (iii) community value-added services.

Property management services – accounting for approximately 57.7% of total revenue

During the Reporting Period, the Group’s revenue from property management services was approximately RMB512.8 million, representing an increase of approximately 16.2% as compared to the same period in 2022, mainly due to the increase in the area and number of projects under management of the Group.

The following table sets forth a breakdown of the Group’s area and number of projects under management by project source for the dates indicated:

| Project source | 2023 | | As of 30 June | | 2022 | |
|---|--|--------------|---|--|--------------|---|
| | Area under management <i>sq.m. '000</i> | % | The number of projects under management | Area under management <i>sq.m. '000</i> | % | The number of projects under management |
| BUCG Group and its joint ventures or associates | 21,113 | 54.1 | 139 | 19,514 | 56.7 | 129 |
| Third parties | 17,939 | 45.9 | 105 | 14,905 | 43.3 | 80 |
| Total | 39,052 | 100.0 | 244 | 34,419 | 100.0 | 209 |

As of 30 June 2023, the area under management of the Group was approximately 39.1 million sq.m., among which, the area under management from projects of the BUCG Group and its joint ventures or associates was approximately 21.1 million sq.m., while the area under management from projects of third parties was approximately 17.9 million sq.m., representing a year-on-year increase of 8.2% and 20.4% respectively, which was mainly due to the fact that the Group fully mobilized its employees' enthusiasm for market expansion and comprehensively improved the marketing team's ability in planning, operating and bidding, seized the leading opportunities in market share, continued to optimize its own business development strategy and regional layout, and increased its efforts in external expansion and market reserves.

During the Reporting Period, we continued to enhance our efforts in market development, take multiple measures to carry out marketing work, give full play to our own advantages, consolidate the advantages of our location in the Beijing-Tianjin-Hebei region, and expand across the national market. During the Reporting Period, we achieved a newly-signed area of approximately 2.5 million sq.m., representing a year-on-year increase of 15.9%; the amount of newly signed contracts was approximately RMB222.4 million, representing a year-on-year increase of 35.7%. There were 25 new property projects, of which 19 were from third-party projects, accounting for 76.0% of the total new projects, which further enhanced the Group's ability to expand its business.

In the first half of 2023, the Group achieved continuous improvement in market expansion. Specifically, undertaking management of the newly added areas of zones C1 and C5 of Beijing's sub-center, the National Tennis Center and Qingdao Citizen Center, the Group has recorded a new high in the scale of high-quality public construction under its management; the Group had further breakthroughs in the management of higher education projects; the area under management of socialized service projects for military logistic support had exceeded 1.3 million sq.m.; newly winning the bidding for the special service project of subway Line 2 in Beijing, the Group has further deepened the cooperation with subway operating companies.

During the Reporting Period, on the basis of stable growth in residential property management scale, the Group accelerated its diversification and multi-business development strategy to promote the expansion of commercial and public properties and other properties.

The following table sets forth a breakdown of the Group's revenue from property management services, area under management and number of projects under management by property type for the periods or dates indicated:

| Property type | 2023 | | | | | 2022 | | | | |
|----------------------------|-------------------------------|--------------|-----------------------|--------------|-------------------------------------|-------------------------------|--------------|-----------------------|--------------|-------------------------------------|
| | Six months ended 30 June 2023 | | As of 30 June 2023 | | | Six months ended 30 June 2022 | | As of 30 June 2022 | | |
| | Revenue | | Area under management | | Number of projects under management | Revenue | | Area under management | | Number of projects under management |
| | RMB'000 | % | sq.m.'000 | % | | RMB'000 | % | sq.m.'000 | % | |
| Residential properties | 248,872 | 48.5 | 25,488 | 65.3 | 149 | 223,200 | 50.6 | 23,063 | 67.0 | 134 |
| Non-residential properties | 263,882 | 51.5 | 13,564 | 34.7 | 95 | 217,905 | 49.4 | 11,356 | 33.0 | 75 |
| Total | 512,754 | 100.0 | 39,052 | 100.0 | 244 | 441,105 | 100.0 | 34,419 | 100.0 | 209 |

As the “red housekeeper” of the capital, the Group renewed its efforts to refine its property service standard and quality control system, promote informatization, and empower business systems to build the property service brand of “Beijing Service” during the Reporting Period.

In respect of residential properties, based on the concept of modern, personalized, specialized and family-oriented property service, the Group is committed to integrating the spiritual and cultural needs of property owners in the building of a harmonious society. During the Reporting Period, the Group improved its operation efficiency through standardized services and customized value-added service system to optimize the service quality. The Group continued to promote project management training, and enhance the professional quality of project personnel and service quality and efficiency. As of 30 June 2023, the area of the residential properties under management of the Group was approximately 25.5 million sq.m., representing a year-on-year increase of 10.5%, which accounted for approximately 65.3% of the total area under management of the Group. During the Reporting Period, the revenue from management service for residential properties amounted to approximately RMB248.9 million, representing an increase of approximately 11.5% as compared to the same period in 2022 and accounting for approximately 48.5% of the Group’s total revenue from property management service.

For non-residential properties, the Group, taking into consideration the management characteristics of commercial and public properties that prioritize safety, strict requirements and high standards and relying on an experienced property management team, was committed to offering customers with high-quality property management solutions by comprehensive and professional integrated management services. Relying on good reputation and comprehensive strength, the Group continued to expand its business in commercial office buildings, government office buildings, urban public facilities and more. As of 30 June 2023, the area of the non-residential properties under management of the Group was approximately 13.6 million sq.m., up approximately 19.4% year on year, accounting for approximately 34.7% of the total area under management. During the Reporting Period, the revenue from management services for non-residential properties amounted to approximately RMB263.9 million, representing an increase of approximately 21.1% over the same period in 2022 and accounting for approximately 51.5% of the total revenue from property management services.

During the Reporting Period, the Group’s revenue from non-residential properties management services grew significantly and exceeded that from residential properties management services for the first time, mainly due to the Group’s efforts in the management scale and diversified business development. Specifically, the Group has undertaken Shunyi Cultural Center, National Tennis Center, Citizen Center in Xihai New Area of Qingdao, expressway service areas and other projects, and the Group’s management scale of Beijing’s administrative sub-center continued to expand. Going forward, the Group will refresh its efforts in exploring and seeking new business and development models and enrich management business in order to achieve full coverage of various businesses such as schools, hospitals, industrial parks, commercial complexes, international event venues, and more.

Value-added services to non-property owners: accounting for approximately 21.6% of total revenue

The Group provided value-added services to non-property owners, including (i) special support services; (ii) tenant sourcing and management services; (iii) engineering operations and maintenance services; (iv) construction site property management services; (v) sales office and display unit management and delivery service; and (vi) others.

The following table sets forth a breakdown of revenue from value-added services to non-property owners of the Group by service type for the periods indicated:

| Service type | Six months ended 30 June 2023 | | 2022 | |
|---|-------------------------------|-------------------------------|--------------------|-------------------------------|
| | Revenue RMB'000 | Percentage of revenue % | Revenue RMB'000 | Percentage of revenue % |
| Special support services | 80,005 | 41.7 | – | – |
| Tenant sourcing and management services | 36,753 | 19.2 | 36,980 | 45.3 |
| Engineering operations and maintenance services | 24,479 | 12.8 | 12,971 | 15.9 |
| Construction site property management services | 21,088 | 11.0 | – | – |
| Sales office and display unit management and delivery service | 18,087 | 9.4 | 22,902 | 28.1 |
| Others | 11,504 | 5.9 | 8,744 | 10.7 |
| Total | 191,916 | 100.0 | 81,597 | 100.0 |

During the Reporting Period, the Group's revenue from value-added services to non-property owners amounted to approximately RMB191.9 million, representing an increase of approximately 135.2% over the same period in 2022. This increase was primarily due to the rapid development in special support services, engineering operations and maintenance services and construction site property management services.

For special support services, in 2022, the Group undertook the pre-delivery cleaning, logistics operation and maintenance and catering services and other works for a number of projects in Beijing and actively engaged in the operation and maintenance support tasks of projects, which showed the responsibility of state-owned enterprises. In 2023, the Group continues to complete the settlement of such special support services.

For tenant sourcing and management services, the Group mainly provides tenant sourcing and management services commissioned by certain office property developers, including identifying and recruiting target tenants, assisting property developers with negotiation of lease agreements and subsequent fee collection processes, and providing hassle-free move-in and move-out support services to tenants. During the Reporting Period, the Group's revenue from tenant sourcing and management services was approximately RMB36.8 million, which was basically the same as in the corresponding period in 2022.

For engineering operation and maintenance services, they primarily include engineering operation, daily repair and maintenance management, and engineering renovation services for buildings and facilities. We reduce energy consumption and carbon emissions through technological renovation and management improvement. Through the development of annual repair and maintenance management plans for overall engineering services, we maintain building equipment and facilities to ensure that they operate under optimal conditions. During the Reporting Period, the Group's revenue from engineering operation and maintenance services amounted to approximately RMB24.5 million, representing an increase of approximately 88.7% as compared to the corresponding period in 2022, which was mainly due to 16 new projects being developed in the first half of 2023. At the same time, through promoting the construction of intelligent property management system and strengthening digital and auxiliary property service work, the Group provided property notification, repair and other services in a more convenient way and improved customer satisfaction.

For construction site property management services, the Group undertook 5 new projects contracted in the first half of 2023 by increasing promotion efforts, and had 25 projects in total under construction site property management services. The Group has rolled out the construction site property management services that are "one-stop", "menu-based" and "standardized" across the board after studying the characteristics and service modes of construction site management. This has coordinated the development of the "industrial chain" and improved the "wisdom" of site management. As a result, the Group has grown the revenue channels of enterprises, which has led to the new trend of construction site management, improved the living conditions of construction workers, and enhanced the management performance of the general contractor of the project. All in all, all parties involved have seen win-win results.

For sales office and display unit management and delivery services, with many years of experience, the Group successively provided high quality services for renowned property sales offices, joined Union International Concierge Organization, and embedded service philosophy of Concierge, bringing "Satisfactory and Surprising" quality service experience to customers. During the Reporting Period, the Group's revenue from sales office and display unit management and delivery services amounted to approximately RMB18.1 million.

During the Reporting Period, the Group's revenue from other value-added services to non-property owners amounted to approximately RMB11.5 million, representing an increase of approximately 31.6% as compared to the corresponding period in 2022, which was mainly due to the increase in revenue from special entrusted service projects, such as preliminary planning and design consultancy services, greening construction services and conference services.

Community value-added services: accounting for approximately 20.7% of total revenue

The Group provides community value-added services, including (i) heat energy supply services; (ii) carpark space operation services; (iii) catering services; and (iv) others.

The following table sets forth a breakdown of revenue from community value-added services of the Group by service type for the periods indicated:

| Service type | Six months ended 30 June | | | |
|----------------------------------|--------------------------|-------------------------------|--------------------|-------------------------------|
| | 2023 | | 2022 | |
| | Revenue RMB'000 | Percentage of revenue % | Revenue RMB'000 | Percentage of revenue % |
| Heat energy supply services | 75,480 | 41.2 | 75,644 | 52.9 |
| Carpark space operation services | 50,621 | 27.6 | 21,881 | 15.3 |
| Catering services | 35,566 | 19.4 | 32,563 | 22.8 |
| Others | 21,745 | 11.8 | 12,904 | 9.0 |
| Total | 183,412 | 100.0 | 142,992 | 100.0 |

During the Reporting Period, the Group's revenue from community value-added services amounted to approximately RMB183.4 million, representing an increase of approximately 28.3% over the same period in 2022, primarily due to (i) the expansion of the Group's management scale and the growth of service users; and (ii) the constant improvement of catering services.

Heat energy supply services: the revenue from heat energy supply services reached approximately RMB75.5 million, remaining basically the same as compared with the same period in the last year, accounting for approximately 41.2% of total revenue from community value-added services. As of 30 June 2023, the Group has been responsible for the operation of heat energy supply of 10 heat generation plants (30 projects) in Beijing, with a heating area of approximately 4.1 million sq.m. and serving about 42,000 households. Through advanced technology transformation and scientific and technological application, including the renewal of heating equipment burners and intelligent regulation of heat energy supply management, the Group continues to reduce carbon emissions and practice the national concept of ecological and environmental protection, so as to achieve energy-saving and efficient heat energy supply services, and become a warm service provider for customers.

Carpark space operation services: the revenue from carpark space operation services reached approximately RMB50.6 million, accounting for approximately 27.6% of total revenue from community value-added services. During the Reporting Period, the Group's revenue from carpark space operation services increased by approximately 131.4% year-on-year, which was mainly due to the Group's continuous exploration of the carpark space sales model based on the "property services + living services" model in order to broaden the scope of value-added services. At the same time, for the operation and management of parking spaces in properties under our management, we provide targeted operational solutions such as order management, operation management, and fee management. The Group utilizes intelligent parking systems to save operation and labor costs, improve charging efficiency, and achieve cost reduction and efficiency increase.

Catering services: the revenue from catering services reached approximately RMB35.6 million, remaining basically the same as compared with the same period in the last year, accounting for approximately 19.4% of total revenue from community value-added services. The Group has a professional project catering management team dedicated to providing efficient, professional and high-quality catering services to customers. The Group strictly implemented that food safety is the lifeline of catering services. Being customer-oriented and striving for excellence, the Group provides tailor-made catering service solutions to become the most trustworthy partner for customers. Through unremitting efforts, we have earned good reputation among many partners and won wide praise from all walks of life.

Other community value-added services: mainly include property leasing services, home decoration management services, real estate brokerage services, community elderly services, community retail, housekeeping services, etc. During the Reporting Period, the Group's revenue from other community value-added services amounted to approximately RMB21.7 million, representing an increase of approximately 68.5% as compared to the corresponding period in 2022, which was mainly due to the Group's continuous improvement of service quality, cultivating new business models and new models in urban services and elderly services, and accelerating the formation of new economic growth points.

Future Prospect

In the next step, we will further strengthen our confidence in development, adhere to development as the first priority, promote the scale of property management and corporate efficiency to a new level, and continuously achieve new breakthroughs in operating results. Based on the whole industry chain and full life cycle of urban construction and operation and to meet the people's growing needs for a better life, we will expand the value chain of property services, continuously enrich value-added service products and create high-value property, integrate into community management and city operations, and gain insight into new service projects from new scenarios to continuously improve the Company's innovation and growth. We will adhere to the bottom-line thinking, coordinate development and safety, and strive to improve the ability of enterprise risk prevention and mitigation. We will adhere to the quality-oriented principle, strengthen the service concept of "care, attention and warmth", and continue to enhance the influence of Beijing service brand. The Company will adhere to the Party building to guide and cultivate the root, continue to strengthen the Party building, and provide a strong guarantee for the high-quality development of the Company.

Under the guidance of the capital development strategy of the new era and the strategy of BUCG Group, we will fully explore the first-mover advantage as a listed property management platform for state-owned enterprises in the capital, continuously improve the core competitiveness of the enterprise, and make unremitting efforts to build a "a provider of China's best-in-class urban and lifestyle services" with high-quality, professional and high-quality development.

Financial Review

Revenue

The Group's revenue was derived from three main business segments: (i) property management services; (ii) value-added services to non-property owners; and (iii) community value-added services.

The following table sets out the breakdown of revenue by service lines during the indicated periods:

| | Six months ended 30 June | | | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|-------------|
| | 2023 | | 2022 | | Growth rate |
| | Percentage of revenue | Percentage of revenue | Percentage of revenue | Percentage of revenue | |
| <i>RMB'000</i> | % | <i>RMB'000</i> | % | % | |
| Property management services | 512,754 | 57.7 | 441,105 | 66.3 | 16.2 |
| Value-added services to non-property owners | 191,916 | 21.6 | 81,597 | 12.2 | 135.2 |
| Community Value-added services | 183,412 | 20.7 | 142,992 | 21.5 | 28.3 |
| Total | 888,082 | 100.0 | 665,694 | 100.0 | 33.4 |

During the Reporting Period, the total revenue of the Group was approximately RMB888.1 million, representing an increase of approximately 33.4% from approximately RMB665.7 million for the same period in 2022, primarily due to (i) the increase in revenue as a result of the continuous expansion of the Group's business scale; and (ii) the rapid development of the Group's value-added services during the Reporting Period. Please refer to the section headed "Business Review" in this announcement for the changes in each business segment of the Group as compared to the corresponding period in 2022.

Cost of sales

During the Reporting Period, the cost of sales of the Group was approximately RMB694.1 million, representing an increase of approximately 36.3% from approximately RMB509.1 million for the same period in 2022. This increase was primarily due to more outsourcing costs as a result of the increasing areas under management and projects under management of the Group.

Gross profit and gross profit margin

The following table sets forth a breakdown of the gross profit and gross profit margin of the Group by service lines during the indicated periods:

| | Six months ended 30 June | | | | | |
|---|--------------------------|--------------------|---------------------|----------------|--------------------|---------------------|
| | 2023 | 2023 | | | 2022 | |
| | Gross profit | Gross profit ratio | Gross profit margin | Gross profit | Gross profit ratio | Gross profit margin |
| | (RMB'000) | % | % | (RMB'000) | % | % |
| Property management services | 105,105 | 54.2 | 20.5 | 98,000 | 62.6 | 22.2 |
| Value-added services to non-property owners | 62,773 | 32.4 | 32.7 | 38,828 | 24.8 | 47.6 |
| Community value-added services | 26,147 | 13.4 | 14.3 | 19,745 | 12.6 | 13.8 |
| Total | 194,025 | 100.0 | 21.8 | 156,573 | 100.0 | 23.5 |

During the Reporting Period, the Group's gross profit margin was approximately 21.8%, representing a decrease from approximately 23.5% for the corresponding period in 2022, which was mainly due to (i) the increase in labour and subcontracting costs as a result of the expansion of business scale; and (ii) the costs incurred in the early stage of newly undertaken projects.

Administrative expenses

During the Reporting Period, the total administrative expenses of the Group were approximately RMB99.8 million, representing an increase of approximately 12.9% from approximately RMB88.4 million for the same period in 2022, primarily due to (i) the increase in staff remuneration of management personnel as compared to the corresponding period in 2022; and (ii) the increase in fees for engaging intermediaries for the demand of the Group's business development as compared to the corresponding period in 2022.

Other income

During the Reporting Period, other income decreased by approximately 60.2% to approximately RMB3.7 million from approximately RMB9.3 million for the corresponding period in 2022. This was mainly due to (i) changes in fair value of investment properties; and (ii) changes in foreign exchange gains for the same period in 2022.

Profit for the period

During the Reporting Period, the profit for the period of the Group was approximately RMB61.6 million, representing an increase of approximately 16.0% from approximately RMB53.1 million in the same period in 2022. The profit for the period attributable to the shareholders of the Group was approximately RMB58.7 million, representing an increase of approximately 12.0% from approximately RMB52.4 million in the same period in 2022; the net profit margin was approximately 6.9%. The increase in profit for the period was primarily due to an increase in revenue as a result of the continuous expansion of the Group's management scale.

Current assets and capital structure

The Group maintained an excellent financial position and adequate liquidity during the Reporting Period. As at 30 June 2023, the current assets were approximately RMB1,865.8 million, which was basically the same as approximately RMB1,880.4 million as at 31 December 2022.

As of 30 June 2023, the Group's cash and cash equivalents amounted to approximately RMB1,039.5 million, representing a decrease of approximately 8.9% from approximately RMB1,140.7 million as at 31 December 2022, primarily due to (i) the payment of dividends for the previous year; (ii) the payment for purchase of container houses used in the Group's business operations; and (iii) the industry practice of customers to pay property fees in the second half of the year.

As of 30 June 2023, the total equity of the Group amounted to approximately RMB804.7 million, representing an increase of approximately 2.9% from approximately RMB782.4 million as at 31 December 2022, primarily due to the profit contribution achieved during the period.

As of 30 June 2023, the Group's debt-to-asset ratio was approximately 63.1%, representing a decrease of approximately 1 percentage point from approximately 64.1% as at 31 December 2022. The debt-to-asset ratio refers to the ratio of total liabilities to total assets.

Property, plant and equipment

The Group's property, plant and equipment primarily consist of buildings, properties leased for own use, office and other equipment. As at 30 June 2023, the Group's property, plant and equipment amounted to approximately RMB77.7 million, representing an increase of approximately RMB17.0 million from approximately RMB60.7 million as at 31 December 2022, primarily due to the increase in the purchase of container houses, electronic office equipment and leasehold for the Group's business operations.

Investment properties

The Group's investment properties primarily include our investment in real estate properties. As at 30 June 2023, the Group's leased assets and investment properties amounted to approximately RMB107.8 million, which was basically the same as approximately RMB107.7 million as at 31 December 2022.

Prepayments, trade and other receivables

As of 30 June 2023, prepayments, trade and other receivables amounted to approximately RMB812.5 million, representing an increase of approximately RMB86.3 million from approximately RMB726.2 million as at 31 December 2022, primarily due to the increase in trade receivables along with the continuous expansion of the Group's business scale.

Other receivables of the Group mainly comprised payments on behalf of customers and deposits paid for the provision of property management services. Other receivables of the Group increased from approximately RMB13.2 million as of 31 December 2022 to approximately RMB19.2 million as of 30 June 2023, primarily due to the increase of deposits and other receivables.

Trade and other payables

As of 30 June 2023, trade and other payables amounted to approximately RMB997.7 million, representing an increase of approximately RMB24.0 million from approximately RMB973.7 million as at 31 December 2022, which was primarily due to the increase in payables to suppliers as a result of the expansion of business scale.

The Group's other payables primarily consist of housing maintenance fund payables, amounts due to related parties and renovation and utility deposits received from property owners and tenants. The Group's other payables amounted to approximately RMB527.0 million and RMB530.0 million as of 31 December 2022 and 30 June 2023, respectively.

Capital expenditure

During the Reporting Period, our capital expenditure was approximately RMB30.5 million (approximately RMB36.0 million for the year ended 31 December 2022), which was mainly used for the purchase of container houses and office equipment.

Borrowings

As at 30 June 2023, the Group did not have any borrowings or bank loans.

Pledge of assets

As at 30 June 2023, the Group did not have any pledge on its assets.

Significant investments, material acquisitions and disposals and future plans

During the Reporting Period, the Group did not have any significant investments, material acquisitions and disposals.

Except for the expansion plans disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the Company's prospectus dated 29 October 2021 (the "**Prospectus**"), there were no significant investments or acquisition of capital assets authorized by the Board as of the date of this announcement, and the Group will continue to identify new opportunities for business development.

The proceeds from the listing

The Company's H shares were successfully listed on the Stock Exchange on 10 November 2021, and 36,667,200 H shares were issued. After deducting underwriting fees and related expenses, the net proceeds from the listing (the "**Net Proceeds**") were approximately HK\$246.91 million.

As of 30 June 2023, the Net Proceeds were used as planned. The portion of the Net Proceeds that had not been used were placed as interest-bearing deposits with domestic bank account for proceeds. The Company intends to use the Net Proceeds in accordance with the method and schedule set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

As at 30 June 2023, details of the use of the Net Proceeds of the Group were as follows:

| Purposes | Percentage of total amount | Planned use of net proceeds | Unused amount as of 1 January 2023 | Actual use of proceeds during the Reporting Period | Accumulated actual use of proceeds as of 30 June 2023 | Unused amount as of 30 June 2023 | Expected timeline for full utilization of the remaining proceeds |
|--|----------------------------|-----------------------------|------------------------------------|--|---|----------------------------------|--|
| | | <i>HK\$ Million</i> | <i>HK\$ Million</i> | <i>HK\$ Million</i> | <i>HK\$ Million</i> | <i>HK\$ Million</i> | |
| Strategic investment and acquisition | 60% | 148.15 | 138.82 | - | 9.33 | 138.82 | On or before 31 December 2024 |
| Development of value-added services | 25% | 61.73 | 47.96 | 35.95 | 49.72 | 12.01 | On or before 31 December 2024 |
| – Expanding tenant sourcing and management services | 15% | 37.04 | 23.27 | 23.27 | 37.04 | - | N/A |
| – Diversifying community value-added services | 10% | 24.69 | 24.69 | 12.68 | 12.68 | 12.01 | On or before 31 December 2024 |
| Developing and upgrading our information technology infrastructure and intelligent equipment | 10% | 24.69 | 20.09 | - | 4.60 | 20.09 | On or before 31 December 2024 |
| – Upgrading the internal operation system | 4% | 9.88 | 5.28 | - | 4.60 | 5.28 | On or before 31 December 2024 |
| – Promoting the application of IoT technologies | 3% | 7.41 | 7.41 | - | - | 7.41 | On or before 31 December 2024 |
| – Upgrading our intelligent lifestyle service platform for property owners and residents | 3% | 7.41 | 7.41 | - | - | 7.41 | On or before 31 December 2024 |
| Working capital and for general corporate purposes | 5% | 12.35 | - | - | 12.35 | - | N/A |
| Total | 100% | 246.91 | 206.86 | 35.95 | 76.00 | 170.91 | |

Contingent liabilities

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

Foreign exchange risk

The Group conducts its business in Renminbi. The Group is not expected to be subject to any significant risk relating to fluctuations in exchange rates. The Group has not adopted any foreign currency hedging policies for now. Notwithstanding all these, the Group will continue to keep track of the foreign exchange risk and take prudent measures to mitigate it, and take appropriate action where necessary.

Subsequent events after the reporting period

Save as disclosed in this announcement, no significant events subsequent to 30 June 2023 and up to the date of this announcement that might have a material impact on the Group's operating and financial performance need to be disclosed.

Employees and Remuneration Benefit Policy

As at 30 June 2023, the Group had 1,958 employees (as at 31 December 2022: 2,085 employees). The Group has established a market-based, competitive and performance-oriented remuneration plan with reference to market standards and employee performance and contributions in order to encourage value creation of employees. The Group also provides employees with employee benefits including pension funds, medical insurance, work injury insurance, maternity insurance, unemployment insurance and housing provident fund. The Group places a strong emphasis on recruiting high-quality personnel and provides employees with continuous training programs and career development opportunities. Through creating talent teams including senior management, project managers, project junior staff and professionals, the Group provides more comprehensive job training for our employees.

In order to further refine the corporate governance structure and long-term incentive mechanism of the Company, better motivate the management team and core backbone employees, effectively promote the achievement of the medium and long-term strategic goal of the Company, establish a long-term incentive mechanism closely linked to the operating performance and long-term strategies of the Company, and optimize the overall remuneration structure of the Company, the Board considered and approved the proposed adoption of the share appreciation rights incentive scheme (the “**Scheme**”) and the related grant proposal (the “**Related Grant Proposal**”) on 26 July 2023.

According to the Scheme and the Related Grant Proposal, the Company proposes to grant 4.22 million share appreciation rights to the incentive recipients (including executive directors, senior management, key management and technical staff of the Company), among which, the initial grant is 3.42 million share appreciation rights and the reserved grant is 800,000 share appreciation rights, with the number of underlying H shares accounting for approximately 2.88% of the total issued share capital of the Company. Incentive recipients do not actually hold shares, nor do they have the right as the shareholders, such as voting rights or placing rights. Incentive recipients shall not deal with the share appreciation rights granted under the Related Grant Proposal without permissions, including but not limited to transfer, disposal, exchange, pledge, charge and repaying debts privately.

The Scheme can only be implemented upon the approvals from the Beijing SASAC and shareholders at the extraordinary general meeting. The Related Grant Proposal can only be implemented upon the approval from the Beijing SASAC, the taking effect of the Scheme and the satisfaction of the relevant conditions of the grant. The terms of the Scheme and the Related Grant Proposal may be amended by the Company at the request of Beijing SASAC and other regulatory authorities.

As the Scheme and the Related Grant Proposal would not involve the grant of new shares to be issued by the Company or any of its subsidiaries or any share options in connection therewith and therefore, they do not fall within the ambit of, and are not subject to the requirements under Chapter 17 of the Listing Rules. For details of the Scheme and the Related Grant Proposal, please refer to the announcement of the Company dated 26 July 2023.

Compliance with the Corporate Governance Code

The Company has adopted the code provisions of the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance. The Company has complied with all the applicable code provisions of the Corporate Governance Code during the Reporting Period.

Compliance with the Model Code for 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 10 to the Listing Rules as a code of conduct for securities transactions by the Directors and supervisors (the “**Supervisors**”) of the Company. The Company has made specific enquiries to all Directors and Supervisors and they all have confirmed that they had complied with the Model Code during the Reporting Period.

Purchase, Sale or Redemption of the Listed Securities of the Company

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

Public Float

Based on the published information and to the knowledge of the Directors, during the Reporting Period and as at the date of this announcement, the Company maintained sufficient public float in compliance with the Listing Rules.

Accounts Review

The Company established an audit committee (the “**Audit Committee**”) in compliance with Appendix 14 to the Listing Rules, with its working rules in writing. The Audit Committee, authorized by the Board, is responsible for reviewing and supervising the Group’s financial reporting, risk management and internal control systems, and assisting the Board in performing its audit responsibilities of the Group. The Audit Committee, together with the management of the Company, have reviewed the accounting principles and practice adopted by the Group, and also discussed issues related to financial reporting, including the review of the Group’s unaudited interim results for the six months ended 30 June 2023. The Audit Committee is of the opinion that such statements comply with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

Interim Dividend

The Board does not recommend the declaration of the interim dividend for the six months ended 30 June 2023 (as of the six months ended 30 June 2022: nil).

Publication of Interim Results and Interim Report

The interim results announcement of the Company for the six months ended 30 June 2023 has been published on the websites of the Company (www.bcjps.com) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2023, containing all the information required by the Listing Rules, will be dispatched to the shareholders of the Company and be published on the above websites in due time.

By order of the Board
Beijing Capital Jiaye Property Services Co., Limited
Zhang Weize
Chairman

Beijing, the PRC, 16 August 2023

As at the date of this announcement, the Board consists of Mr. Zhang Weize, Mr. Yang Jun, Mr. Luo Zhou and Mr. Yao Xin as executive Directors, Ms. Jiang Xin and Mr. Mao Lei as non-executive Directors, and Mr. Cheng Peng, Mr. Kong Weiping and Mr. Kong Chi Mo as independent nonexecutive Directors.

* *For identification purposes only*