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銀城生活服務有限公司

YINCHENG LIFE SERVICE CO., LTD.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1922)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

HIGHLIGHTS

- Revenue for the six months ended 30 June 2022 was approximately RMB807.9 million, representing an increase of approximately 37.5% as compared to approximately RMB587.7 million for the six months ended 30 June 2021.
- Gross profit for the six months ended 30 June 2022 was approximately RMB123.7 million, representing an increase of approximately 26.5% as compared to approximately RMB97.8 million for the six months ended 30 June 2021. Gross profit margin for the six months ended 30 June 2022 was approximately 15.3%.
- Profit for the six months ended 30 June 2022 was approximately RMB54.9 million, indicating an increase of approximately 24.8% as compared to approximately RMB44.0 million for the six months ended 30 June 2021. Net profit margin for the six months ended 30 June 2022 was approximately 6.8%.
- Profit attributable to owners of the Company for the six months ended 30 June 2022 was approximately RMB51.3 million, representing an increase of approximately 27.6% as compared to approximately RMB40.2 million for the six months ended 30 June 2021.
- As at 30 June 2022, the contracted GFA of the Group's property management services was approximately 65.6 million sq.m., representing an increase of approximately 28.9% as compared to approximately 50.9 million sq.m. as at 30 June 2021.
- As at 30 June 2022, the GFA under management of the Group's property management services was approximately 61.8 million sq.m., representing an increase of approximately 26.1% as compared to approximately 49.0 million sq.m. as at 30 June 2021. In particular, the GFA under management regarding projects from independent third parties continued to maintain at a significantly high percentage and accounted for approximately 90% of the Group's total GFA under management.
- As at 30 June 2022, the Group's cash and cash equivalents amounted to approximately RMB281.1 million.

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”, each a “**Director**”) of Yincheng Life Service CO., Ltd. (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated financial information of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2022 with comparative figures for the six months ended 30 June 2021.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
REVENUE	4	807,887	587,653
Cost of sales		<u>(684,147)</u>	<u>(489,813)</u>
GROSS PROFIT		123,740	97,840
Other income and gains		6,035	4,893
Selling and distribution expenses		(1,907)	(2,438)
Administrative expenses		(43,378)	(28,844)
Other expenses		(93)	(195)
Impairment losses on financial assets, net		(8,949)	(7,035)
Finance costs		(4,148)	(5,875)
Share of profits and losses of:			
Joint ventures		2,230	186
Associates		<u>(477)</u>	<u>217</u>
PROFIT BEFORE TAX		73,053	58,749
Income tax expense	5	<u>(18,122)</u>	<u>(14,720)</u>
PROFIT FOR THE PERIOD		54,931	44,029
Profit attributable to:			
Owners of the parent		51,286	40,191
Non-controlling interests		<u>3,645</u>	<u>3,838</u>
		54,931	44,029
EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	7	<u>0.19</u>	<u>0.15</u>

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	<u>54,931</u>	<u>44,029</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of foreign operations	<u>1,552</u>	<u>(236)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	<u>1,552</u>	<u>(236)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>56,483</u>	<u>43,793</u>
Total comprehensive income attributable to:		
Owners of the parent	<u>52,838</u>	39,955
Non-controlling interests	<u>3,645</u>	<u>3,838</u>
	<u>56,483</u>	<u>43,793</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2022

	30 June	31 December
	2022	2021
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	71,440	75,198
Investment properties	44,824	32,971
Right-of-use assets	9,066	5,054
Goodwill	27,411	27,411
Intangible assets	20,566	22,399
Investments in associates	4,377	3,855
Investments in joint ventures	4,386	4,273
Deferred tax assets	12,422	10,072
	<hr/>	<hr/>
Total non-current assets	194,492	181,233
CURRENT ASSETS		
Inventories	5,603	3,547
Trade receivables	336,276	231,037
Due from related companies	141,888	103,355
Prepayments, deposits and other receivables	87,153	76,714
Financial assets at fair value through profit or loss (“FVTPL”)	28,354	–
Pledged deposits	2,955	1,344
Cash and cash equivalents	281,147	538,131
	<hr/>	<hr/>
Total current assets	883,376	954,128

		30 June 2022	31 December 2021
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade payables	9	58,140	44,514
Other payables, deposits received and accruals		257,667	247,002
Contract liabilities		254,238	295,835
Due to related companies		9,563	17,121
Interest-bearing bank borrowings		157,000	209,000
Lease liabilities		4,161	6,984
Tax payable		8,468	16,565
		<hr/>	<hr/>
Total current liabilities		749,237	837,021
		<hr/>	<hr/>
NET CURRENT ASSETS		134,139	117,107
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		328,631	298,340
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Lease liabilities		11,852	9,640
Deferred tax liabilities		9,493	9,864
Due to a non-controlling shareholder of a subsidiary		–	5,900
		<hr/>	<hr/>
Total non-current liabilities		21,345	25,404
		<hr/>	<hr/>
NET ASSETS		307,286	272,936
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	10	2,387	2,387
Reserves		266,023	240,395
		<hr/>	<hr/>
Non-controlling interests		38,876	30,154
		<hr/>	<hr/>
TOTAL EQUITY		307,286	272,936
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The registered office address of the Company is Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman KY1-1104, the Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the provision of property management and value-added services for the living community. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 06 November 2019.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021. The Interim Financial Information is presented in Renminbi ("RMB"), and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 3

Amendments to IAS 16

Amendments to IAS 37

Annual Improvements to IFRSs 2018-2020

Reference to the Conceptual Framework

Property, Plant and Equipment: Proceeds before Intended Use

Onerous Contracts – Cost of Fulfilling a Contract

Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The above amendments did not have any significant impact on the financial position or performance of the Group.

4. REVENUE

Revenue represents income from the property management services and value-added service for the six months ended 30 June 2022.

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	805,974	587,440
Revenue from other sources		
Gross rental income from investment property	1,913	213
	807,887	587,653

Revenue from contracts with customers

(a) Disaggregated revenue information:

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Types of goods or services		
Property management services	638,368	461,750
Value-added services	167,606	125,690
	805,974	587,440
Timing of revenue recognition		
Recognised over time	764,736	559,573
Recognised at a point in time	41,238	27,867
	805,974	587,440

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Property management services	<u>181,352</u>	<u>106,182</u>
Value-added services	<u>23,215</u>	<u>10,809</u>

5. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits arising in Hong Kong during the period.

PRC corporate income tax has been provided at the rate of 25% on the taxable profits of the Group's PRC subsidiaries for the period. Some subsidiaries are qualified as small low-profit enterprises and thus subject to a preferential tax rate of 10% for the period.

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
PRC corporate income tax	20,843	17,063
Deferred tax	<u>(2,721)</u>	<u>(2,343)</u>
Total tax charge for the period	<u>18,122</u>	<u>14,720</u>

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective income tax rate for each reporting period is as follows:

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit before tax	73,053	58,749
At the statutory income tax rate	18,263	14,687
Effect of different tax levy enacted by local authorities	(1,282)	(1,371)
Adjustments in respect of current tax of previous periods	249	–
Profits and losses attributable to joint ventures and associates	(288)	(98)
Expenses not deductible for tax	238	169
Tax losses not recognised	942	1,333
	18,122	14,720

6. DIVIDENDS

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Final declared – HK12.6 cents (2021: HK9.2 cents) per ordinary share	27,339	20,451

On 30 March 2022, the board of directors declared 2021 final dividend of HK12.6 cents (six months ended 30 June 2021: HK9.2 cents) per ordinary share, amounting to a total of approximately RMB27,339,000 (six months ended 30 June 2021: RMB20,451,000), which was paid in July 2022.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 267,152,000 (2021: 267,152,000).

No adjustment has been made to the basic earnings per share amounts presented for the period ended 30 June 2022 (2021:Nil) in respect of a dilution as the impact of the share option outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	<u>51,286</u>	<u>40,191</u>
	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	<u>267,152,000</u>	<u>267,152,000</u>

8. TRADE RECEIVABLES

	30 June 2022	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade receivables	367,339	253,051
Impairment	(31,063)	(22,014)
	<u>336,276</u>	<u>231,037</u>

Trade receivables arise from the provision of property management services and value-added services. The Group's trading terms with its customers are mainly on credit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to customers are reviewed once a month. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

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

	30 June 2022	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within 1 year	319,582	215,156
Over 1 year and within 2 years	7,891	11,819
Over 2 years and within 3 years	7,926	3,494
Over 3 years	877	568
	<u>336,276</u>	<u>231,037</u>

9. TRADE PAYABLES

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 1 year	56,509	40,825
Over 1 year	1,631	3,689
	58,140	44,514

10. SHARE CAPITAL

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Authorised: 2,000,000,000 (2021: 2,000,000,000) ordinary shares of HK\$0.01 each	20,000	20,000
Issued and fully paid: 267,152,000 (2021: 267,152,000) ordinary shares at HK\$0.01 each	2,387	2,387

PRESIDENT’S STATEMENT

Dear Shareholders,

On behalf of the management, I am pleased to present to the Board and you the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2022 (the “**Period Under Review**”), together with the business development review and outlook.

REVIEW FOR THE FIRST HALF OF THE YEAR

Looking back to the first half of 2022, the challenges faced by the Chinese real estate industry since 2021 seemed to have eased, but the industry was still under pressure. As property management companies are considered to be intertwined with real estate companies by the general market, the property management industry was inevitably affected amid the downturn of real estate industry. Fortunately, the Company’s forward-looking planning has helped us develop our business actively in the existing market in recent years, the proportion of the GFA under management the Company acquired in the market and from third-party developers was as high as 90%, and our positioning as a “second-hand property operation expert” has made us less vulnerable to the turbulence in the real estate industry.

In fact, under the general direction of including property management industry in the 14th Five-Year Plan released by the State Council, various ministries, commissions, provincial and municipal governments have successively rolled out a series of policies and regulations with an aim to further facilitate the industry’s development towards a healthier and more sustainable path with higher service quality in the first half of 2022. Such policies and regulations includes the *Government Work Report* (《政府工作報告》) issued by the State Council and the *Nationwide Urban Old Communities Renovation Statistics and Survey System* (《全國城鎮老舊社區改造統計調查制度》) issued by the Ministry of Housing and Urban-Rural Development in March 2022, and the *Opinions on Further Promoting the Construction of Smart Communities* (《關於深入推進智慧社區建設的意見》) jointly issued by the Ministry of Civil Affairs and eight other ministries in May, which provides policy support for community elderly care services, domestic services, renovation of old communities, pandemic prevention compensation for property management, as well as the construction of “Internet of Things + Community Services”. At the same time, various provinces and municipalities have also promulgated practical solutions which are more adaptable to their own situations, for example, Shanghai Municipal issued a notice encouraging the use of commission basis for billing; Hangzhou issued a notice requiring the establishment of a comprehensive owners’ committees system; Zhenjiang implemented regulations to refine rules and regulations, such as punitive measures against late payment of property service fees. We believe that as the industry becomes more disciplined and professional, quality property management service providers like our Group can take advantage of their strengths to expand their scale and maintain organic growth.

During the Period Under Review, the Group's operating results maintained a steady growth and recorded a revenue of approximately RMB807.9 million, representing a period-on-period increase of approximately 37.5%, which is slightly higher than the target set at the beginning of the year. Profit attributable to owners of the Company was approximately RMB51.3 million, representing a period-on-period increase of approximately 27.6%, while gross profit margin and net profit margin were approximately 15.3% and 6.8%, respectively. Among which, revenue generated from the provision of property management services amounted to approximately RMB638.4 million, representing a period-on-period increase of approximately 38.2%, while revenue generated from the provision of value-added services amounted to approximately RMB167.6 million, representing a period-on-period increase of approximately 33.3%.

In terms of business operations, as of 30 June 2022, the Group had a total GFA under management of approximately 61.8 million sq.m., representing a year-on-year increase of approximately 26.1%. The Group had a total of 883 projects under management, representing a year-on-year increase of approximately 38.8%. The core of the Group's motto "Operation is the Key, Reputation Comes First" is to gain customers' trust and maintain long-term partnership with them. Under this motto, the Group has adopted a two-pronged strategy, namely "stabilising inventory" and "expanding contract volume", to ensure a stable and orderly development of our business.

In terms of stabilising inventory, leveraging the Group's quality services and sound operations, the renewal rate of existing clients remained at high level at approximately 91%. In terms of residential properties, the collection rate (i.e. the proportion of actual amount received from the property management fees receivable for the full year) as of June was approximately 66.6% (2021: 64.6%). As we have entered the collection peak in the third and fourth quarter, the Group is confident that the collection rate and prepayment rate (i.e. the percentage of property management fees collected in advance for the following year) can remain at over 90% and approximately 40%, respectively, for the full year.

In terms of expanding contract volume, the Group acquired approximately 5 million sq.m. of new GFA under management from the existing market during the first half of the year. This is a recognition of the Group's brand and operational capability by our customers, which has encouraged us to continuously enhance our external expansion capabilities, so as to maintain long-term and stable development. Currently, GFA contracted yet to be managed amounted to approximately 4 million sq.m..

In recent years, the Group has taken non-residential property management as a key area for further development. Our extensive experience and quality management enabled us to secure new projects from time to time. For example, as we are highly trusted by one of our existing customers, that customer has awarded us another non-residential project, which was our debut in Lianyungang. During the Period Under Review, the Group had 343 non-residential projects under management, representing a period-on-period increase of approximately 36.7%, and that our total annualised contract value amounted to approximately RMB710 million.

Since its establishment, the Group has been adhering to the strategy of further developing the market in the Yangtze River Delta and bringing the advantage of its centralised regional development strategy into full play, and we have been expanding our business coverage with our strategy of “increasing our presence in Nanjing, expanding the market in the southern part of the Jiangsu Province and exploring the market in Huaihai district”. In Nanjing, the Group manages 675 projects, with GFA under management over 37 million sq.m.. Our business grew even faster in regions other than Nanjing, at present, the Group’s GFA under management in regions outside Nanjing amounted to almost 25 million sq.m., representing a period-on-period increase of approximately 34.5%, and its proportion to the total GFA under management further increased to approximately 40%, showing that the Group was able to replicate its success in Nanjing to other regions.

In terms of value-added services where the main purpose is to maintain customer satisfaction, the Group is determined to provide customers with value-added services that are only in rigid demand, with high frequency and sustainable. Along with the accelerated pace of urban renewal, in recent years, Yincheng Life has not only penetrated into the property services of communities in old urban areas, but also focused on providing city-level lifestyle services, such as ZL Battery Swap (這鋰換電), Little Zebra Charging (充電小斑馬), Big Zebra Charging (充電大斑馬), corporate group meals, space decoration, citizen sports and other lifestyle services, so as to create a “beautiful neighbour” urban-level “quarter-hour convenient living” business gathering platform. Meanwhile, we will care more about the elderly and the youth in the community, and care about the disadvantaged groups such as riders and courier boys in the city, extend from the last 100 metres of the community to every street corner of the city, firmly grasp the pulse of community and urban development, start from the smallest details, and to build and enjoy a better life together at the city level. As at 30 June 2022, the Group has built more than 762 smart battery swapping stations, with more than 14,000 registered riders, contributing revenue of approximately RMB14 million during the Period Under Review.

With the rapid increase in the number of projects under management and the expansion of its presence outside Nanjing, the Group has hired a large number of additional staff to fill the unmet shortfall. Although the increase in labour costs has put certain pressure on the Group’s profit margin, from another perspective, it illustrates that the demand for property management services is still huge. In the process of marching from a medium-sized property management enterprise towards a large-scale property management enterprise, the Group will not be afraid of hardship, will not seek for fame and will not strive for speed, and will continue to adhere to the entrepreneurial spirit of “cultivate in the hearts and implement in the works”.

OUTLOOK FOR THE SECOND HALF OF THE YEAR

Looking ahead to the second half of the year, the Group will strive to achieve its annual targets in accordance with its established strategy. In respect of Nanjing region, the Group will continue to adhere to its highly intensive project deployment strategy, while for region outside Nanjing, we opt to acquire more projects so as to develop economies of scale and brand impact in the local areas. For value-added services, we will increase the penetration rate of our existing value-added services, and will expand the coverage of our urban value-added services. For non-residential projects, we will develop signature property management products for hospitals, financial institutions, industrial parks, transportation facilities, cultural tourism and other kinds of property, so as to become a leader in each sub-segment.

We now focus on having realistic targets and being rational. 2022 is an exceptional year, but perhaps the turning point is just around the corner. No matter how the environment changes, if a company can truly understand itself, adhering to its original aspiration and steadfastly move forward, it will be able to maintain good progress in the industry for a long time. We always believe that the property management industry is an industry that not only has social value but also has corporate value. As one of the thousands of property management enterprises, Yincheng Life Services has not been smooth in every step over the past two decades, but each step we took has pushed us to grow continuously. The road ahead is long and difficult, the Company will succeed if we keep moving forward. With relentless pursuit, we will usher in a bright future.

Yincheng Life Services CO., Ltd.

President

LI Chunling

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is an established property management service provider in the PRC with over 25 years of industry experience that engages in the provision of diversified property management services and value-added services. As at 30 June 2022, the Group's property management services covered 22 PRC cities, of which 17 cities are in the Yangtze River Delta Megalopolis, with the gross floor area (“GFA”) under management reaching approximately 61.8 million sq.m.. The Group managed 883 properties, including 540 residential properties and 343 non-residential properties, serving over 520,000 households which covers over 1.7 million people as at 30 June 2022.

The Group's business covers a wide spectrum of properties, including residential properties and 11 types of non-residential properties. The Group operates its business along two main business lines, namely the provision of (i) property management services; and (ii) value-added services.

Leveraging on the Group's business scale, operational efficiency, excellent service quality, development potential and social responsibility, the Group obtained various awards in 2022 including ranking 17th among the China Top 100 Property Management Companies* (中國物業服務百強企業), ranking the 3rd among the Top 50 Property Management Companies of Jiangsu Province* (江蘇省物業服務行業綜合實力五十強企業), ranking the 1st again in the Nanjing Property Management Industry Credit Handbook Directory (南京市物業管理行業信用手冊名錄) and was awarded the Leading Market-Oriented Operation Enterprise in China's Property Management Industry in 2022* (2022中國物業管理行業市場化營運領先企業). It is also worth mentioning that Nanjing HuiRen HengAn Property Management Co., Ltd.* (南京匯仁恆安物業管理有限公司), a subsidiary of the Group which principally engages in the provision of property management services to hospitals, is also on the list of the China Top 100 Property Management Companies* (中國物業服務百強企業) and ranks 95th.

The Group adheres to its business motto of “Operation is the Key, Reputation Comes First (運營為王、口碑至上)” and service concept of “Living+ (生活+)” and “Industry+ (產業+)”, and has adopted the business model of “Service alignment, Business modularisation, Modules specialisation and Management digitalisation (服務網格化、業務模塊化、模塊專業化、管理數據化)” to serve and create value for its customers with quality property management services.

Property Management Services

The Group provides a wide range of property management services to its customers that comprises security services, cleaning services, car park management, repair and maintenance of specialised elevators, escalators and mechanical car park equipment, gardening and landscaping services, daily repair and maintenance of equipment and machinery and ancillary customer services.

The contracted GFA and GFA under management

As at 30 June 2022, the Group's contracted GFA was approximately 65.6 million sq.m., representing an increase of approximately 28.9% as compared to its contracted GFA at approximately 50.9 million sq.m. as at 30 June 2021. The increase was mainly attributable to an increase in the number of projects undertaken by the Group from its new customers and existing customers leveraging on the Group's solid reputation, customers' recognition and market strength.

As at 30 June 2022, the Group's GFA under management was approximately 61.8 million sq.m., representing an increase of approximately 26.1% as compared to its GFA under management at approximately 49.0 million sq.m. as at 30 June 2021. The increase was mainly attributable to the Group's solid and high quality services and market reputation which enables the Group to have a competitive advantage in the industry, leading to it being able to secure engagement as the property management service provider for (i) properties that are yet to be delivered to owners during its preliminary stage from property developers; and (ii) completed properties from property owners' associations and property developers by replacing the then existing property management service providers.

The Group obtained projects through three channels including public tenders, direct engagement and acquisition of property management companies. In view of the Group's strong market expansion capabilities, the number of new contracted projects undertaken from property owners' associations accounted for a larger proportion as compared to those undertaken from property developers, and such contracted projects have quickly become the Group's projects under management a few months after the Group has been engaged as the property management service provider. As such, the Group's contracted GFA and GFA under management were similar.

The Group had 883 managed properties as at 30 June 2022, representing an increase of approximately 38.8% or 247 managed properties as compared to its 636 managed properties as at 30 June 2021.

The table below sets out the Group's (i) contracted GFA; (ii) GFA under management; (iii) number of contracted properties; and (iv) number of managed properties, as at the dates indicated:

	As at 30 June		<i>Increase/ (decrease)</i>
	2022	2021	
Contracted GFA ^(Note) ('000 sq.m.)	65,560	50,910	28.8%
GFA under management ^(Note) ('000 sq.m.)	61,840	49,000	26.2%
Number of contracted properties	910	654	39.1%
Number of managed properties	883	636	38.8%

Note: The above GFA excludes service engagements solely for the provision of repair and maintenance of specialised elevators, escalators and mechanical car park equipment and gardening and landscaping services, without engaging the Group for other property management services.

Geographical Coverage

The Group has grown from a local property management service provider in Nanjing to one of the leading property management service providers in both Nanjing and the Jiangsu Province. As at 30 June 2022, our property management services covered 22 PRC cities, of which 17 cities are in the Yangtze River Delta Megalopolis. The Group has been actively expanding its business to cities other than Nanjing in recent years and has made a great progress. As at 30 June 2022, the Group's GFA under management in districts outside Nanjing increased by approximately 34.5% period-on-period, and amounted to approximately 39.9% (30 June 2021: 37.4%) of the Group's total GFA under management.

The table below sets out the breakdown of (i) the Group's GFA under management; and (ii) the number of the Group's managed properties by geographic region as at the dates indicated:

	As at 30 June				2021	
	GFA under management (Note) ('000 sq.m.)	2022		GFA under management (Note) ('000 sq.m.)	Number of managed properties	
		Increase	Number of managed properties			Increase
Nanjing	37,170	21.2%	675	36.4%	30,663	495
Districts outside Nanjing	24,670	34.5%	208	47.5%	18,337	141
Total	61,840	26.2%	883	38.8%	49,000	636

Note: The above GFA excludes service engagements solely for the provision of repair and maintenance of specialised elevators, escalators and mechanical car park equipment and gardening and landscaping services, without engaging the Group for other property management services.

The table below sets out the breakdown of the Group's property management services revenue by geographic region for the periods indicated:

	Six months ended 30 June			
	2022		2021	
	RMB '000	%	RMB '000	%
Nanjing	475,976	74.6	365,594	79.2
Districts outside Nanjing	162,392	25.4	96,156	20.8
Total	638,368	100	461,750	100.0

Types of Property Management Services

The Group provides property management services in respect of both residential and non-residential properties. As at 30 June 2022, the non-residential properties comprise 11 types of properties, namely government facilities, financial institutions, property sales offices, medical institutions, commercial complex, parks, transportation facilities, industrial parks, mixed-use properties, schools and office buildings.

While the provision of property management services in respect of residential properties is still the foundation of the Group's revenue generation and scale expansion, the Group is seeking to improve its brand awareness in the non-residential sector by diversifying its service provided to include other types of non-residential properties, optimising its project portfolio and adjusting its business structure. The Group's provision of property management services in respect of non-residential properties has grown rapidly and reached 343 properties as at 30 June 2022, representing an increase of approximately 36.7% period-on-period.

The table below sets out the breakdown of (i) the Group's GFA under management; and (ii) the number of the Group's managed properties by property types as at the dates indicated:

	As at 30 June					
	2022		2021		2021	
	GFA under management (Note) (<i>'000 sq.m.</i>)	Increase	Number of managed properties	Increase	GFA under management (Note) (<i>'000 sq.m.</i>)	Number of managed properties
Residential properties	46,680	21.6%	540	40.3%	38,382	385
%	75.5				78.3	
Non-residential properties	15,160	42.8%	343	36.7%	10,618	251
%	24.5				21.7	
Total	61,840	26.2%	883	38.8%	49,000	636

Note: The above GFA excludes service engagements solely for the provision of repair and maintenance of specialised elevators, escalators and mechanical car park equipment and gardening and landscaping services, without engaging the Group for other property management services.

The table below sets out the breakdown of the Group's revenue and gross profit margin from property management services by property types for the periods indicated:

	Six months ended 30 June					
	2022		2021		2021	
	Revenue RMB' <i>000</i>	%	Gross profit margin %	Revenue RMB' <i>000</i>	%	Gross profit margin %
Residential properties	328,916	51.5	6.2	242,935	52.6	6.7
Non-residential properties	309,452	48.5	14.8	218,815	47.4	16.4
Total	638,368	100	10.3	461,750	100.0	11.3

Revenue model

For the six months ended 30 June 2022, all of the Group's property management fees were charged on a lump sum basis.

Project Sources

The Group is known for its market-oriented model and has strong external expansion capabilities. As at 30 June 2022, approximately 90% of the Group's GFA under management were obtained from the market, either from property owners associations or independent third party property developers. At the same time, the Group has also been providing property management services to (i) Yincheng International Holding Co., Ltd. and its subsidiaries; and (ii) Yincheng Real Estate Group Co., Ltd. and its subsidiaries (collectively, the "Yincheng Group") and has been generating stable income from such property projects at their preliminary stage.

The table below sets out the breakdown of (i) the Group's GFA under management; and (ii) the number of the Group's managed properties by project sources as at the dates indicated:

	As at 30 June				
	GFA ^(Note) ('000 sq.m.)	2022 Increase %	Number	GFA ^(Note) ('000 sq.m.)	2021 Number
Projects from independent third parties	55,510	25.9	841	44,075	608
%	89.8			89.9	
Projects from Yincheng Group	6,330	28.5	42	4,925	28
%	10.2			10.1	
Total	61,840	26.2	883	49,000	636

Note: The above GFA excludes service engagements solely for the provision of repair and maintenance of specialised elevators, escalators and mechanical car park equipment and gardening and landscaping services, without engaging the Group for other property management services.

The table below sets out the breakdown of revenue generated from the Group's property management services by project sources for the periods indicated:

	Six months ended 30 June		
	2022 Revenue RMB '000	Increase %	2021 Revenue RMB '000
Projects from independent third parties	579,474	36.7	423,752
%	90.8		
Projects from Yincheng Group	58,894	55.0	37,998
%	9.2		
Total	638,368	38.2	461,750

Value-Added Services

The Group provides value-added services to property owners and residents of its managed residential properties with an aim to enhance the level of convenience at its managed communities and customer experience, satisfaction and royalty.

The Group's value-added services mainly include (i) common area value-added services; and (ii) community convenience services. The Group's common area value-added services include rental of advertising space and the provision of management services of the community's common area and spaces. The Group's community convenience services refer to the necessary, high frequency and sustainable convenience services provided by the Group in response to the owners' needs, including but not limited to rental of gym and membership services, the use of express delivery cabinets, home renovation, housekeeping, home and elderly care, charging of electric vehicles and operation of staff canteens for non-residential properties owners. In recent years, the Group has introduced city-level value-added services through intensive project deployment, including the rider battery swap service that the Group currently provides.

For the six months ended 30 June 2022, the Group's revenue generated from the provision of value-added services amounted to approximately RMB167.6 million, representing an increase of approximately 33.3% as compared to that of RMB125.7 million for the six months ended 30 June 2021. Such increase was mainly attributable to an increase in the number of projects undertaken by the Group and the diversification of the scope of services provided by the Group following its continuous business development. Some value-added services introduced in these two years such as home renovation, operation of canteens in various corporations and battery swap service have been bearing fruit and contributed revenue continuously.

The table below sets out the breakdown of the Group's revenue and gross profit margin of value-added services for the periods indicated:

	Six months ended 30 June			2021	
	2022		Gross profit	Revenue	Gross profit
	Revenue	Increase	margin	Revenue	margin
	RMB'000	%	%	RMB'000	%
Value-added services					
(i) Common area value-added services	126,213	32.4	40.7	95,307	40.9
(ii) Community convenience services	41,393	36.2	10.9	30,383	21.5
Total	167,606	33.3	33.3	125,690	36.2

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 37.5% from approximately RMB587.7 million for the six months ended 30 June 2021 to approximately RMB807.9 million for the six months ended 30 June 2022 as a result of (i) an increase in the number of residential and non-residential projects undertaken by the Group which led to an increase in the income from the provision of property management services; and (ii) the diversification of the scope of value-added services provided by the Group following its continuous business development and hence the continued income contribution in respect thereof.

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

	Six months ended 30 June			
	2022		2021	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	638,368	79.0	461,750	78.6
Value-added services	167,606	20.8	125,690	21.4
Gross rental income from investment property	1,913	0.2	213	0.0
Total	807,887	100.0	587,653	100.0

Revenue from the provision of property management services increased by approximately 38.2% from approximately RMB461.8 million for the six months ended 30 June 2021 to approximately RMB638.4 million for the six months ended 30 June 2022. Such increase was primarily due to the continuous increase in (i) the Group's GFA under management in residential properties projects; and (ii) the number of non-residential properties projects undertaken by the Group.

Revenue from the provision of value-added services increased by approximately 33.3% from approximately RMB125.7 million for the six months ended 30 June 2021 to approximately RMB167.6 million for the six months ended 30 June 2022. Such increase was primarily due to (i) an increase of number of projects under management; (ii) more value-added services being provided to the projects under management as a result of optimisation of the property management environment; and (iii) diversification of the scope of city-level value-added services provided by the Group such as the provision of rider battery swap services.

Cost of Sales

The Group's cost of sales consists of labour costs, subcontracting costs, equipment operation and facility maintenance costs, material costs, depreciation of right-of-use assets, office expenses and others.

The Group's cost of sales increased by approximately 39.7% from approximately RMB489.8 million for the six months ended 30 June 2021 to approximately RMB684.1 million for the six months ended 30 June 2022, primarily due to an increase in the number of staff and subcontracting costs as a result of the expansion of the Group's business.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit increased by approximately 26.5% from approximately RMB97.8 million for the six months ended 30 June 2021 to approximately RMB123.7 million for the six months ended 30 June 2022. The gross profit margin decreased from approximately 16.6% for the six months ended 30 June 2021 to approximately 15.3% for the six months ended 30 June 2022. Such decrease was primarily due to (i) an increase in the number of staff of the Group as a result of the expansion of its business; and (ii) the fact that the minimum wage level in the Jiangsu Province has increased by approximately 13% since August 2021, while the social security base in the Jiangsu Province has increased in July 2021 and January 2022 respectively, with the aggregate increment being approximately 26%, resulting in a substantial increase in the wages and social insurance payable by the Group, and hence a substantial increase in staff costs.

Other Income and Gains

The Group's other income and gains mainly represents interest income, investment income, government grants, gain on disposal of items of property, plant and equipment and others.

The Group's other income and gains increased by approximately 22.4% from approximately RMB4.9 million for the six months ended 30 June 2021 to approximately RMB6.0 million for the six months ended 30 June 2022, primarily due to the receipt of tax subsidy from the government.

Selling and Distribution Expenses

The Group's selling and distribution expenses consist primarily of staff costs, advertising and promotional expenses, office expenses, business development expenses, travelling expenses and others.

The Group's selling and distribution expenses decreased by approximately 20.8% from approximately RMB2.4 million for the six months ended 30 June 2021 to approximately RMB1.9 million for the six months ended 30 June 2022, primarily due to effective cost control conducted by the Group.

Administrative Expenses

The Group's administrative expenses primarily include staff costs, professional fees, office expenses, business development expenses, rental expenses, travelling expenses, depreciation and amortisation, bank charges, taxes and others.

The Group's administrative expenses increased by approximately 50.7% from approximately RMB28.8 million for the six months ended 30 June 2021 to approximately RMB43.4 million for the six months ended 30 June 2022, primarily due to an increase in staff costs as a result of the expansion of the Group's business.

Impairment Losses on Financial Assets, Net

The Group's net impairment losses on financial assets increased by approximately 27.1% from approximately RMB7.0 million for the six months ended 30 June 2021 to approximately RMB8.9 million for the six months ended 30 June 2022, primarily due to an increase in trade and other receivables of the Company.

Finance Costs

The Group's finance costs mainly include interest on bank borrowings and interest on lease liabilities in relation to lease liabilities recorded for properties leased by the Group for operation of its offices and fitness centres.

The Group's finance costs decreased by approximately 30.5% from approximately RMB5.9 million for the six months ended 30 June 2021 to approximately RMB4.1 million for the six months ended 30 June 2022, primarily due to the repayment of short-term borrowings of approximately RMB52 million.

Income Tax Expense

The Group's income tax refers to PRC corporate income tax at a tax rate of 25% on taxable profits of its subsidiaries incorporated in the PRC. Some subsidiaries of the Group are qualified as small low-profit enterprises and thus are subject to a preferential tax rate of 10% for the six months ended 30 June 2022.

The Group's income tax expense increased by approximately 23.1% from approximately RMB14.7 million for the six months ended 30 June 2021 to approximately RMB18.1 million for the six months ended 30 June 2022, primarily due to an increase in the profit before tax during the period.

Profit for the Period

As a result of the foregoing, the Group's profit increased by approximately 24.8% from approximately RMB44.0 million for the six months ended 30 June 2021 to approximately RMB54.9 million for the six months ended 30 June 2022. Profits attributable to owners of the Company for the six months ended 30 June 2022 amounted to approximately RMB51.3 million, representing an increase of approximately 27.6% as compared to the corresponding period in 2021. The net profit margin was approximately 6.8% for the six months ended 30 June 2022, down 0.7 percentage points from approximately 7.5% in the corresponding period in 2021. The decrease in net profit margin was mainly due to the decrease in gross profit margin.

Liquidity, Reserves and Capital Structure

The Group maintained a healthy financial position during the six months ended 30 June 2022. The Group's current assets amounted to approximately RMB883.4 million as at 30 June 2022, representing a decrease of approximately 7.4% as compared to approximately RMB954.1 million as at 31 December 2021. The Group's cash and cash equivalents amounted to approximately RMB281.1 million as at 30 June 2022, representing a decrease of approximately 47.8% as compared to RMB538.1 million as at 31 December 2021, primarily due to (i) a decrease in short-term borrowings by approximately RMB52.0 million; (ii) an increase in staff costs by approximately RMB81.1 million; and (iii) the amount of tax paid increased by RMB21.7 million. The Group's total equity amounted to approximately RMB307.3 million as at 30 June 2022, representing an increase of approximately 12.6% as compared to approximately RMB272.9 million as at 31 December 2021. Such increase was mainly due to an increase in profit of approximately RMB54.9 million and distribution of dividends of approximately RMB27.3 million during the period.

Property, Plant and Equipment

The Group's property, plant and equipment amounted to approximately RMB71.4 million as at 30 June 2022, representing a slight decrease of approximately 5.1% as compared to that of approximately RMB75.2 million as at 31 December 2021.

Trade Receivables

The Group's trade receivables primarily consist of receivables for its property management services and value-added services from its customers.

The Group's trade receivables amounted to approximately RMB336.3 million as at 30 June 2022, representing an increase of approximately 45.6% as compared to approximately RMB231.0 million as at 31 December 2021. Such increase in trade receivables was due to (i) an increase of the Group's revenue during the period; (ii) the usual practice of the Group's residential properties customers to pay property management fee at the end of the year; and (iii) the usual practice of the Group's non-residential properties customers to pay property management fee once per quarter.

Prepayments, Deposits and Other Receivables

The Group's prepayments, deposits and other receivables amounted to approximately RMB87.2 million as at 30 June 2022, representing an increase of approximately 13.7% as compared to approximately RMB76.7 million as at 31 December 2021. This was mainly due to an increase in other deposits including bid bond and performance bond as a result of an increase in the number of property management projects undertaken by the Group.

Financial Assets at Fair Value through Profit or Loss

The Group's financial assets at fair value through profit or loss amounted to approximately RMB28.4 million as at 30 June 2022, representing an increase of 100% as compared to nil as at 31 December 2021. This was mainly due to the purchase of various wealth management products from different independent third party financial institutions during the six months ended 30 June 2022.

Trade Payables

The Group's trade payables primarily consist of payables to suppliers and subcontractors. The Group's trade payables amounted to approximately RMB58.1 million as at 30 June 2022, representing an increase of approximately 30.6% as compared to approximately RMB44.5 million as at 31 December 2021. This was mainly due to an increase in the number of property management projects undertaken by the Group.

Other Payables, Deposits Received and Accruals

The Group's other payables, deposits received and accruals amounted to approximately RMB257.7 million as at 30 June 2022, representing an increase of approximately 4.3% as compared to that of approximately RMB247.0 million as at 31 December 2021. This was mainly due to an increase in (i) dividends payable; and (ii) shared costs paid in advance by other parties on behalf of us due to there being an increase in the number of property management projects undertaken by the Group.

Contract Liabilities

The Group receives payments from its customers based on billing schedules as provided in the property management agreements. A portion of the payments is usually received in advance of the performance under the contracts which are mainly from property management services.

The Group's contract liabilities amounted to approximately RMB254.2 million as at 30 June 2022, representing a decrease of approximately 14.1% as compared to that of approximately RMB295.8 million as at 31 December 2021. This was mainly due to the usual practice of property management companies in receiving property management fees for the next year in advance in the second half of the previous year.

Borrowings

As at 30 June 2022, the Group had interest-bearing bank borrowings of RMB157 million.

Gearing Ratio

The Group's gearing ratio is calculated based on net debt divided by total capital plus net debt. The Group includes, within net debt, interest-bearing bank borrowings, amounts due to related companies and lease liabilities, less cash and cash equivalents. The Group's capital represents equity attributable to owners of the Company. As at 30 June 2022, the Group's gearing ratio was not applicable.

Use of Proceeds from the Listing

The Company was successfully listed on the Main Board of the Stock Exchange on 6 November 2019 (the “**Listing Date**”) with the issue of 66,680,000 new shares. The total net proceeds from the listing of the shares of the Company on the Main Board of the Stock Exchange (including the exercise of the Over-allotment Option (as defined in the prospectus of the Company dated 25 October 2019 (the “**Prospectus**”))) amounted to approximately HK\$131.4 million after deducting the underwriting fees and commissions and other expenses in connection with the Global Offering (as defined in the Prospectus), which will be used for the intended purposes as set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus.

Set out below is the actual utilisation of the net proceeds from the Listing Date up to 30 June 2022:

	Planned use of proceeds in total HK\$’000	Actual use of proceeds from the Listing Date up to 30 June 2022 HK\$’000	Remaining balance of net proceeds HK\$’000
Continue to expand the Group’s business by mergers and acquisitions or investments in order to expand its market shares in the property management service industry in the PRC	78,853	46,646	32,207
Invest in intelligent systems to improve the Group’s service quality and enhance its customers’ experience	19,713	19,713	–
Upgrade the Group’s internal information technology system to enhance operational efficiency	13,142	13,142	–
Continue to recruit more technical and managerial talents and, at the same time, provide training to the Group’s employees for the expansion of its operations	6,571	6,571	–
General working capital	13,142	13,142	–
Total	131,421	99,214	32,207

The Group will continue to utilise the remaining net proceeds as shown above and expects to fully utilise such amount by 31 December 2022.

Pledge of Assets

The Group had no pledge of assets as at 30 June 2022.

Contingent Liabilities

The Group had no material contingent liabilities or guarantees as at 30 June 2022.

Exchange Rate Risk

As all of the Group's businesses are conducted in the PRC, revenue and profits for the six months ended 30 June 2022 were denominated in RMB. The major foreign currency source for the Group during the period is the fundraising following the successful listing on the Main Board of the Stock Exchange, all of which were in Hong Kong dollars. As at 30 June 2022, the Group did not have significant foreign currency exposure from its operations. The Group currently has not used derivative financial instruments to hedge its foreign exchange risk. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Employees and Remuneration Policies

As at 30 June 2022, the Group had a total of 8,173 employees. The Group offers employees competitive remuneration packages that include fees, salaries, allowances and benefits in kind, bonuses and pension scheme contribution, share option scheme and social welfare. The Group contributes to social insurance for its employees, including medical insurance, work-related injury insurance, retirement insurance, maternity insurance, unemployment insurance and housing funds.

Material Acquisition and Disposal

During the six months ended 30 June 2022 and up to the date of this announcement, the Group did not perform any material acquisition or disposal of subsidiaries and associates.

Subsequent Events

The Directors are not aware of any material events undertaken by the Group subsequent to 30 June 2022.

OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any securities of the Company for the six months ended 30 June 2022.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2022.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Group is committed to maintaining high corporate governance standards, which are essential in providing a framework for the Group to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company will continue to practise the principles of good corporate governance as set out in the Corporate Governance Code (the “**CG Code**”) in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

During the six months ended 30 June 2022, the Company has complied with all applicable code provisions as set out in the CG Code, and will continue to review and enhance its corporate governance practices, and identify and formalise measures and policies to ensure compliance with the CG Code.

Review of interim results

The audit committee of the Company (the “**Audit Committee**”) currently comprises two independent non-executive Directors, namely Mr. Chow Siu Hang and Mr. Mao Ning, and a non-executive Director, namely Mr. Xie Chenguang, with Mr. Chow Siu Hang as the chairman of the Audit Committee. The Audit Committee has reviewed the Group’s unaudited interim condensed consolidated financial information for the six months ended 30 June 2022, which has been approved by the Board on 26 August 2022 prior to its issuance. The Audit Committee is of the view that the unaudited interim condensed consolidated financial information is in compliance with the applicable accounting standards, the Listing Rules and other legal requirements, and that sufficient disclosure has been made.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules and the code for dealing in securities of the Company by the Directors as adopted by the Company (the “**Securities Dealing Code**”) as its own codes of conduct governing the Directors. All Directors confirmed, after having made specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code and the Securities Dealing Code for the six months ended 30 June 2022.

No incident of non-compliance was found by the Company for the six months ended 30 June 2022. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

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

The interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.yinchenglife.hk). The interim report will be dispatched to the shareholders of the Company and will be available on the website of the Stock Exchange and that of the Company in due course.

By order of the Board
Yincheng Life Service CO., Ltd.
XIE Chenguang
Chairman

Nanjing, China
26 August 2022

As at the date of this announcement, the executive Directors are Mr. Li Chunling and Ms. Huang Xuemei; the non-executive Directors are Mr. Huang Qingping, Mr. Xie Chenguang, Mr. Ma Baohua and Mr. Zhu Li; and the independent non-executive Directors are Mr. Chow Siu Hang, Mr. Li Yougen and Mr. Mao Ning.

* *for identification purposes only*