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**Suxin Joyful Life Services Co., Ltd.**

**蘇新美好生活服務股份有限公司**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2152)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**FINANCIAL SUMMARY**

	<b>For the year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Restated)</b>
Revenue	<b>725,104</b>	534,223
Gross profit	<b>146,973</b>	123,610
Gross profit margin	<b>20.3%</b>	23.1%
Profit for the year	<b>80,122</b>	65,065
Net profit margin	<b>11.0%</b>	12.2%
Profit attributable to owners of the Company	<b>74,430</b>	64,106
Basic earnings per share (RMB per share)	<b>0.74</b>	0.76

- For the year ended 31 December 2023, the total revenue of the Group was approximately RMB725.1 million, representing an increase of approximately 35.7% from approximately RMB534.2 million for the same period in 2022.
- For the year ended 31 December 2023, the gross profit of the Group was approximately RMB147.0 million, representing an increase of approximately 18.9% from approximately RMB123.6 million for the same period in 2022. The Group's gross profit margin was 20.3%, representing a decrease of 2.8 percentage points from the same period in 2022.
- For the year ended 31 December 2023, the profit of the Group was approximately RMB80.1 million, representing an increase of approximately 23.1% from approximately RMB65.1 million for the same period in 2022.
- As of 31 December 2023, the Group had a total contracted GFA under its management of approximately 16.7 million sq.m., representing an increase of approximately 7.6 million sq.m. compared with 31 December 2022.
- The Board has resolved to recommend the distribution of a final dividend in cash of RMB0.3351 per share of the Company (tax inclusive) for the year ended 31 December 2023.

## ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Suxin Joyful Life Services Co., Ltd. (the “**Company**”) hereby announces the consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023, together with comparative figures for the year ended 31 December 2022.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
<b>REVENUE</b>	6	<b>725,104</b>	534,223
Cost of sales		<u>(578,131)</u>	<u>(410,613)</u>
Gross profit		<u><b>146,973</b></u>	<u>123,610</u>
Other income and gains	6	<b>45,895</b>	17,811
Selling and marketing expenses		(3,317)	(2,981)
Administrative expenses		(49,927)	(35,457)
Other expenses		(20,971)	(1,125)
Finance costs		(15,181)	(11,978)
Share of profits and losses of a joint venture and associates		<u><b>1,064</b></u>	<u>(2,013)</u>
<b>PROFIT BEFORE TAX</b>	7	<b>104,536</b>	87,867
Income tax expense	8	<u>(24,414)</u>	<u>(22,802)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>80,122</b></u>	<u>65,065</u>
Profit attributable to:			
Owners of the parent		<b>74,430</b>	64,106
Non-controlling interests		<u><b>5,692</b></u>	<u>959</u>
		<u><b>80,122</b></u>	<u>65,065</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	10		
Basic and diluted (RMB)		<u><b>0.74</b></u>	<u>0.76</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
<b>PROFIT FOR THE YEAR</b>	<b><u>80,122</u></b>	<b><u>65,065</u></b>
<b>OTHER COMPREHENSIVE LOSS</b>		
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(5,420)	(21,767)
Income tax effect	<u>1,355</u>	<u>5,442</u>
	<b><u>(4,065)</u></b>	<b><u>(16,325)</u></b>
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>	<b><u>(4,065)</u></b>	<b><u>(16,325)</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>76,057</u></b>	<b><u>48,740</u></b>
Total comprehensive income attributable to:		
Owners of the parent	70,365	47,781
Non-controlling interests	<u>5,692</u>	<u>959</u>
	<b><u>76,057</u></b>	<b><u>48,740</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2023*

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i> (Restated)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>11</i>	<b>392,619</b>	410,158
Investment properties		<b>332,691</b>	352,981
Other intangible assets		<b>1,176</b>	694
Investment in a joint venture		<b>1,009</b>	–
Investments in associates		<b>838</b>	4,778
Equity investments designated at fair value through other comprehensive income		<b>4,950</b>	70,673
Right-of-use assets		<b>10,063</b>	10,026
Time deposits		–	1,937
Deferred tax assets		<b>5,246</b>	5,622
		<hr/>	<hr/>
Total non-current assets		<b>748,592</b>	856,869
<b>CURRENT ASSETS</b>			
Inventories		<b>118</b>	111
Trade receivables	<i>12</i>	<b>295,064</b>	176,503
Prepayments, other receivables and other assets		<b>28,637</b>	32,695
Financial assets at fair value through profit or loss		<b>18,000</b>	–
Due from related parties		<b>58,736</b>	23,794
Time deposits		<b>69,903</b>	–
Restricted cash		<b>265</b>	845
Cash and cash equivalents		<b>397,318</b>	355,908
		<hr/>	<hr/>
Total current assets		<b>868,041</b>	589,856
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>13</i>	<b>301,328</b>	212,630
Other payables and accruals		<b>110,201</b>	96,948
Interest-bearing bank loans		<b>10,000</b>	11,250
Lease liabilities		<b>111</b>	–
Due to related parties		<b>24,237</b>	28,206
Tax payable		<b>11,326</b>	3,449
Contract liabilities		<b>53,726</b>	39,828
		<hr/>	<hr/>
Total current liabilities		<b>510,929</b>	392,311
<b>NET CURRENT ASSETS</b>		<hr/> <b>357,112</b>	<hr/> 197,545
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> <b>1,105,704</b>	<hr/> 1,054,414

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank loans	<b>109,063</b>	111,250
Deferred tax liabilities	<b>11,556</b>	18,434
Lease liabilities	<b>150</b>	–
Other liabilities	<b>174,041</b>	170,974
	<hr/>	<hr/>
Total non-current liabilities	<b>294,810</b>	300,658
	<hr/>	<hr/>
Net assets	<b>810,894</b>	753,756
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
Share capital	<b>101,047</b>	101,047
Reserves	<b>694,981</b>	645,985
	<hr/>	<hr/>
Equity attributable to owners of the parent	<b>796,028</b>	747,032
	<hr/>	<hr/>
Non-controlling interests	<b>14,866</b>	6,724
	<hr/>	<hr/>
Total equity	<b>810,894</b>	753,756
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

The Company is a limited liability company established in the People’s Republic of China (“**PRC**”) on 12 April 1994. The registered office of the Company is located at Suzhou Gaoxin Plaza, 28 Shishan Road, New District, Suzhou, Jiangsu Province, China. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 24 August 2022.

During the year, the Group was principally engaged in the provision of city services and property management services. The controlling shareholder of the Company is Suzhou Sugaoxin Group Co., Ltd. (“**SND Company**”), a wholly state-owned company established in the PRC.

#### Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Entity name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
			%	%	
Suzhou Golden Lion Building Development Management Co., Ltd* (“ <b>Golden Lion</b> ”) 蘇州金獅大廈發展管理有限公司 (notes (a) and (b))	PRC/Chinese Mainland 28 October 1992	RMB104,271,300	100	–	Property management
Suzhou Xingang Municipal Greening Service Co., Ltd* (“ <b>Xingang Municipal Greening</b> ”) 蘇州新港市政綠化服務有限公司 (notes (a) and (b))	PRC/Chinese Mainland 13 April 2011	RMB12,000,000	100	–	City services
Suzhou Keshang Property Service Co., Ltd* (“ <b>Keshang Property Service</b> ”) 蘇州科尚物業服務有限公司 (notes (a) and (b))	PRC/Chinese Mainland 31 December 2014	RMB5,000,000	80	–	Property management

(a) The English names of the entities registered in Chinese Mainland represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

(b) Registered as domestic limited liability companies under PRC law.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

## 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), which comprise all standards and interpretations approved by the International Accounting Standards Board (“**IASB**”), and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention, except for investment properties and equity investments designated at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### 3. RESTATEMENTS ARISING FROM BUSINESS COMBINATIONS UNDER COMMON CONTROL

On 10 August 2023, Golden Lion and Suzhou Gaoxin Zhitai Innovation Development Co., Ltd. (“**Zhitai**”), a wholly-owned subsidiary of SND Company, entered into an agreement, pursuant to which Golden Lion agreed to acquire 100% equity interests of Suzhou Sutong Kejia Electromechanical Engineering Co., Ltd. (“**Kejia**”) from Zhitai at a consideration of RMB1. According to a valuation conducted by an independent valuer as at 31 December 2022, the appraised value of sale equity amounted to the net liabilities of Kejia of approximately RMB14 million based on the asset-based approach. Upon completion of such acquisition, Kejia became a wholly-owned subsidiary of the Company.

On 10 August 2023, Zhitai and Suzhou High-tech Zone Water Supply Co., Ltd. (“**Suzhou Water Supply Co**”), a subsidiary of SND Company, entered into an agreement with Golden Lion, pursuant to which Zhitai and Suzhou Water Supply Co agreed to transfer their all respective 49% and 51% equity interests in Suzhou Runjia Engineering Co., Ltd. (“**Runjia**”) to Golden Lion at all considerations of approximately RMB2,054,000 and RMB2,137,000, respectively, which were determined with reference to a valuation conducted by an independent valuer as at 31 December 2022 based on the asset-based approach. Upon completion of such acquisition, Runjia became a wholly-owned subsidiary of the Company.

Since Kejia, Runjia and Golden Lion were under the common control of SND Company before and after the acquisition. The Group accounted for the combination by applying the principles of merger accounting, and the results of the acquired subsidiaries have been combined from the date when they first came under the control of the controlling shareholder.

The assets and liabilities of the acquired subsidiaries have been reflected at their existing carrying values at the date of combination. No amount has been recognised in respect of goodwill or excess of the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, which, instead, has been recorded in capital reserve in equity.

Accordingly, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2022 have been restated to include the assets and liabilities and the operating results of the acquired subsidiaries. The consolidated statement of financial position as at 31 December 2022 has been restated to include the carrying amounts of the assets and liabilities of the acquired subsidiaries (see below for the financial impacts).

The effect of restatements described above on the consolidated statement of profit or loss for the year ended 31 December 2022 by line items is as follows:

	2022 <i>RMB'000</i> (Audited and originally stated)	Effect of business combination under common control <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
<b>REVENUE</b>	521,965	12,258	534,223
Cost of sales	<u>(400,618)</u>	<u>(9,995)</u>	<u>(410,613)</u>
Gross profit	<u>121,347</u>	<u>2,263</u>	<u>123,610</u>
Other income and gains	17,753	58	17,811
Selling and marketing expenses	(2,981)	–	(2,981)
Administrative expenses	(33,115)	(2,342)	(35,457)
Other expenses	(1,125)	–	(1,125)
Finance costs	(11,343)	(635)	(11,978)
Share of profits and losses of associates	<u>(2,013)</u>	<u>–</u>	<u>(2,013)</u>
<b>PROFIT BEFORE TAX</b>	88,523	(656)	87,867
Income tax expense	<u>(22,801)</u>	<u>(1)</u>	<u>(22,802)</u>
<b>PROFIT FOR THE YEAR</b>	<u>65,722</u>	<u>(657)</u>	<u>65,065</u>
Profit attributable to:			
Owners of the parent	64,763	(657)	64,106
Non-controlling interests	<u>959</u>	<u>–</u>	<u>959</u>
	<u>65,722</u>	<u>(657)</u>	<u>65,065</u>
Basic and diluted ( <i>RMB</i> )	<u>0.77</u>	<u>(0.01)</u>	<u>0.76</u>

The effect of restatements described above on the consolidated statement of comprehensive income for the year ended 31 December 2022 by line items is as follows:

	2022 <i>RMB'000</i> (Audited and originally stated)	Effect of business combination under common control <i>RMB'000</i>	2022 <i>RMB'000</i>  (Restated)
<b>OTHER COMPREHENSIVE LOSS</b>			
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value	(21,767)	–	(21,767)
Income tax effect	5,442	–	5,442
	<u>(16,325)</u>	<u>–</u>	<u>(16,325)</u>
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>			
	<u>(16,325)</u>	<u>–</u>	<u>(16,325)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			
	<u>49,397</u>	<u>(657)</u>	<u>48,740</u>
Total comprehensive income attributable to:			
Owners of the parent	48,438	(657)	47,781
Non-controlling interests	959	–	959
	<u>49,397</u>	<u>(657)</u>	<u>48,740</u>

The effect of restatements on the consolidated statement of financial position as at 31 December 2022 is as follows:

	2022 <i>RMB'000</i> (Audited and originally stated)	Effect of business combination under common control <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	409,570	588	410,158
Investment properties	352,981	–	352,981
Other intangible assets	694	–	694
Investment in a joint venture	4,778	–	4,778
Equity investments designated at fair value through other comprehensive income	70,673	–	70,673
Right-of-use assets	10,026	–	10,026
Time deposits	1,937	–	1,937
Deferred tax assets	5,622	–	5,622
	<u>856,281</u>	<u>588</u>	<u>856,869</u>
<b>TOTAL non-current assets</b>			
<b>CURRENT ASSETS</b>			
Inventories	111	–	111
Trade receivables	176,503	–	176,503
Prepayments, other receivables and other assets	32,589	106	32,695
Due from related parties	19,008	4,786	23,794
Restricted cash	845	–	845
Cash and cash equivalents	350,909	4,999	355,908
	<u>579,965</u>	<u>9,891</u>	<u>589,856</u>
<b>TOTAL current assets</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables	211,820	810	212,630
Other payables and accruals	95,169	1,779	96,948
Interest-bearing bank loans	11,250	–	11,250
Due to related parties	10,394	17,812	28,206
Tax payable	3,449	–	3,449
Contract liabilities	39,828	–	39,828
	<u>371,910</u>	<u>20,401</u>	<u>392,311</u>
<b>TOTAL current liabilities</b>			
<b>NET CURRENT ASSETS</b>			
	<u>208,055</u>	<u>(10,510)</u>	<u>197,545</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
	<u>1,064,336</u>	<u>(9,922)</u>	<u>1,054,414</u>

	2022 RMB'000 (Audited and originally stated)	Effect of business combination under common control RMB'000	2022 RMB'000 (Restated)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans	111,250	–	111,250
Deferred tax liabilities	18,434	–	18,434
Other liabilities	170,974	–	170,974
	<u>300,658</u>	<u>–</u>	<u>300,658</u>
Total non-current liabilities			
	<u>300,658</u>	<u>–</u>	<u>300,658</u>
Net assets	<u>763,678</u>	<u>(9,922)</u>	<u>753,756</u>
<b>EQUITY</b>			
Share capital	101,047	–	101,047
Reserves	655,907	(9,922)	645,985
	<u>756,954</u>	<u>(9,922)</u>	<u>747,032</u>
Equity attributable to owners of the parent			
	<u>756,954</u>	<u>(9,922)</u>	<u>747,032</u>
Non-controlling interests	6,724	–	6,724
	<u>6,724</u>	<u>–</u>	<u>6,724</u>
Total equity	<u>763,678</u>	<u>(9,922)</u>	<u>753,756</u>

#### 4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

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

- (a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Since the Group's approach and policy align with the amendments and has no leases other than leasehold land before 1 January 2023, the amendments had no impact on the Group's financial statements.

Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

## 5. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes commercial property management services, residential property management services, city services and rental income for the purpose of making decisions about resource allocation and performance assessment. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated. Therefore, no discrete operating segment information is available. Accordingly, no further operating segment information is presented.

### Geographical information

During the year, the Group operated within one geographical location because all of its revenue was generated in Chinese Mainland and all of its non-current assets/capital expenditure were located/incurred in Chinese Mainland. Accordingly, no further geographical information is presented.

### Information about major customers

For the year ended 31 December 2023, revenue of approximately RMB160,115,000 (2022: RMB116,638,000) was derived from the provision of city services and rental income to a single customer. Except for the above, no revenue from other customers accounted for more than 10% of the total revenue of the Group.

## 6. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
<i>Revenue from contracts with customers</i>		
Commercial property management services	195,191	188,211
Residential property management services	60,096	65,622
City services	453,111	256,767
	<u>708,398</u>	<u>510,600</u>
<i>Revenue from other sources</i>		
Rental income	16,706	23,623
Total	<u>725,104</u>	<u>534,223</u>

## Revenue from contracts with customers

### (a) Disaggregated revenue information

	Commercial property management services RMB'000	Residential property management services RMB'000	City services RMB'000	Total RMB'000
<b>For the year ended 31 December 2023</b>				
Rendering of services	<u>195,191</u>	<u>60,096</u>	<u>453,111</u>	<u>708,398</u>
<b>Geographical market</b>				
Chinese Mainland	<u>195,191</u>	<u>60,096</u>	<u>453,111</u>	<u>708,398</u>
<b>Timing of revenue recognition</b>				
Services transferred over time	<u>190,532</u>	<u>56,419</u>	<u>453,111</u>	<u>700,062</u>
Services transferred at a point in time	<u>4,659</u>	<u>3,677</u>	<u>–</u>	<u>8,336</u>
Total revenue from contracts with customers	<u>195,191</u>	<u>60,096</u>	<u>453,111</u>	<u>708,398</u>
	Commercial property management services RMB'000	Residential property management services RMB'000	City services RMB'000	Total RMB'000
<b>For the year ended 31 December 2022 (Restated)</b>				
Rendering of services	<u>188,211</u>	<u>65,622</u>	<u>256,767</u>	<u>510,600</u>
<b>Geographical market</b>				
Chinese Mainland	<u>188,211</u>	<u>65,622</u>	<u>256,767</u>	<u>510,600</u>
<b>Timing of revenue recognition</b>				
Services transferred over time	<u>183,502</u>	<u>60,338</u>	<u>256,767</u>	<u>500,607</u>
Services transferred at a point in time	<u>4,709</u>	<u>5,284</u>	<u>–</u>	<u>9,993</u>
Total revenue from contracts with customers	<u>188,211</u>	<u>65,622</u>	<u>256,767</u>	<u>510,600</u>

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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Revenue recognised that was included in contract liabilities at beginning of the reporting period:		
Rendering of services	<u>39,828</u>	<u>75,019</u>

**(b) Performance obligations**

For commercial property management services, residential property management services and city services, the Group recognises revenue in the amount that equals to the right to invoice which correspond directly with the value to the customer of the Group's performance to date, on a regular basis. The Group has elected the practical expedient for not to disclose the transaction price allocated to the remaining performance obligation for these types of contracts.

An analysis of other income and gains is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
<b>Other income</b>		
Relocation compensation	29,461	–
Interest income	5,994	2,805
Government grants*	4,704	5,335
Foreign exchange differences, net	2,910	4,986
Others	<u>1,538</u>	<u>1,634</u>
Total other income	<u>44,607</u>	<u>14,760</u>
<b>Gains</b>		
Gain on disposal of interests in an associate	1,288	–
Fair value gains on investment properties	<u>–</u>	<u>3,051</u>
Other income and gains	<u>45,895</u>	<u>17,811</u>

\* The amount represents subsidies received from local government authorities in connection with certain financial support to local business enterprises. These government subsidies mainly comprised subsidies for listing incentives, subsidies for employment promotion and other miscellaneous subsidies and incentives for various purposes. There are no unfulfilled conditions relating to such government subsidies recognized.

## 7. PROFIT BEFORE TAX

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

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i> (Restated)
Cost of services provided		<b>578,131</b>	410,613
Depreciation of property, plant and equipment	<i>11</i>	<b>27,063</b>	19,820
Depreciation of right-of-use assets		<b>305</b>	232
Lease payments not included in the measurement of lease liabilities		<b>848</b>	1,033
Loss on disposal of items of property, plant and equipment		<b>39</b>	935
Auditor's remuneration		<b>2,000</b>	2,000
Interest income		<b>(5,994)</b>	(2,805)
Employee benefit expenses (excluding directors' and chief executive's remuneration)*:			
Wages, salaries and other allowances		<b>139,491</b>	129,986
Pension scheme contributions and social welfare		<b>34,500</b>	31,271
Total		<b>173,991</b>	161,257
Impairment of trade receivables	<i>12</i>	<b>2,541</b>	(1,793)
Changes in fair value of investment properties		<b>20,290</b>	(3,051)

\* An amount of RMB145,017,000 of employee benefit expenses was included in cost of services during the year ended 31 December 2023 (31 December 2022: RMB139,455,000 (restated)).

## 8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

### Chinese Mainland

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the subsidiaries which operate in Chinese Mainland are subject to CIT at a rate of 25% on the taxable income.

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i> (Restated)
Current — Chinese Mainland:		
Charge for the year	<b>20,093</b>	20,500
Deferred tax	<b>4,321</b>	2,302
Total tax charge for the year	<b>24,414</b>	22,802

## 9. DIVIDEND

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Proposed final — RMB0.3351 per ordinary share (tax inclusive) (2022: RMB0.1700 per ordinary share (tax inclusive))	<b>33,868</b>	17,440

The proposed final dividend for the year ended 31 December 2023 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

2022 dividend have been fully settled as at the issuance date of this financial statements.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 101,047,000 (2022: 84,131,000) in issue during the year.

The Group had no potentially diluted ordinary shares in issue during the years ended 31 December 2023 and 2022.

The calculation of basic and diluted earnings per share is based on:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
		(Restated)
Earnings:		
Profit for the period attributable to owners of the parent, used in the basic earnings per share calculation	<b>74,430</b>	64,106
	<b>Number of shares</b>	
	<b>2023</b>	2022
	<b>'000</b>	'000
Shares:		
Weighted average number of ordinary shares in issue during year, used in the basic earnings per share calculation	<b>101,047</b>	84,131

## 11. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Machinery and others <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
<b>31 December 2023</b>					
At 1 January 2023 (Restated)					
Cost	290,136	49,843	132,457	–	472,436
Accumulated depreciation	(12,362)	(29,309)	(20,607)	–	(62,278)
Net carrying amount	<u>277,774</u>	<u>20,534</u>	<u>111,850</u>	<u>–</u>	<u>410,158</u>
At 1 January 2023, net of accumulated depreciation (Restated)	277,774	20,534	111,850	–	410,158
Additions	–	9,084	749	–	9,833
Disposals	–	(216)	(93)	–	(309)
Depreciation provided during the year ( <i>note 7</i> )	(8,838)	(5,802)	(12,423)	–	(27,036)
At 31 December 2023, net of accumulated depreciation	<u>268,936</u>	<u>23,600</u>	<u>100,083</u>	<u>–</u>	<u>392,619</u>
At 31 December 2023					
Cost	290,136	58,711	(133,113)	–	481,960
Accumulated depreciation	(21,200)	(35,111)	(33,303)	–	(89,341)
Net carrying amount	<u>268,936</u>	<u>23,600</u>	<u>100,083</u>	<u>–</u>	<u>392,619</u>

	Buildings RMB'000	Vehicles RMB'000	Machinery and others RMB'000	Construction in progress RMB'000	Total RMB'000
<b>31 December 2022</b>					
At 1 January 2022 (Restated)					
Cost	225,137	44,014	100,807	33,017	402,975
Accumulated depreciation	(6,777)	(24,355)	(11,326)	–	(42,458)
Net carrying amount	<u>218,360</u>	<u>19,659</u>	<u>89,481</u>	<u>33,017</u>	<u>360,517</u>
At 1 January 2022, net of accumulated depreciation (Restated)	218,360	19,659	89,481	33,017	360,517
Additions	–	6,450	490	64,126	71,066
Transfers of property, plant and equipment	64,999	–	32,144	(97,143)	–
Disposals	–	(621)	(984)	–	(1,605)
Depreciation provided during the year (note 7)	(5,585)	(4,954)	(9,281)	–	(19,820)
At 31 December 2022, net of accumulated depreciation (Restated)	<u>277,774</u>	<u>20,534</u>	<u>111,850</u>	<u>–</u>	<u>410,158</u>
At 31 December 2022 (Restated)					
Cost	290,136	49,843	132,457	–	472,436
Accumulated depreciation	(12,362)	(29,309)	(20,607)	–	(62,278)
Net carrying amount	<u>277,774</u>	<u>20,534</u>	<u>111,850</u>	<u>–</u>	<u>410,158</u>

Certain of the Company's buildings with net carrying amounts of approximately RMB35,710,000 as at 31 December 2023 (2022: RMB37,152,000) were pledged to secure certain bank loans granted to a subsidiary of the Company.

## 12. TRADE RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Trade receivables	314,586	193,484
Impairment	<u>(19,522)</u>	<u>(16,981)</u>
Net carrying amount	<u><u>295,064</u></u>	<u><u>176,503</u></u>

Trade receivables mainly arise from the provision of city services and property management services. 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. Trade receivables are non-interest-bearing.

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Within 1 year	249,202	162,889
1 to 2 years	43,482	12,858
2 to 3 years	<u>2,380</u>	<u>756</u>
Total	<u><u>295,064</u></u>	<u><u>176,503</u></u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
At beginning of year	(16,981)	(18,774)
Impairment losses	<u>(2,541)</u>	<u>1,793</u>
At end of year	<u><u>(19,522)</u></u>	<u><u>(16,981)</u></u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

### 13. 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:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Within 1 year	<b>285,900</b>	195,396
1 to 2 years	<b>8,982</b>	10,699
2 to 3 years	<b>3,328</b>	4,482
Over 3 years	<b>3,118</b>	2,053
	<hr/>	<hr/>
Total	<b>301,328</b>	212,630
	<hr/> <hr/>	<hr/> <hr/>

Trade payables are non-interest-bearing and are normally settled on 180-day terms.

### 14. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, there was no other significant event subsequent to 31 December 2023.

### 15. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 March 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The Group is a city service and property management service provider deeply rooted in the Yangtze River Delta Region, especially in Suzhou. The H shares of the Company (the “**H Shares**”) were listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 24 August 2022 (the “**Listing Date**”) by way of global offering (the “**Global Offering**”).

The Group focuses on providing city services, commercial property management services, residential property management services and property leasing. Headquartered in Suzhou, Jiangsu Province, the Group has established a solid market presence in the Yangtze River Delta Region. The Group believes that its strategic focus on the Yangtze River Delta Region, especially in Suzhou, and the established market position for providing city services and property management services in Suzhou will continue to support the growth of the Group’s business scale and enable the Group to enjoy competitive advantages in the city service and property management service market of the People’s Republic of China (“**China**” or “**PRC**”).

The Group’s focus on city environment, citizen wellbeing and commitment to customer satisfaction have shaped its brand image for high-calibre services. The Group’s commitment to quality services has earned the Group numerous industry awards and recognitions. The Group has been recognized as one of the Top 100 Property Management Companies of China for eight consecutive years since 2016 and was ranked 41st among the 2023 Top 100 Property Management Companies of China (2023 中國物業服務百強企業) by China Index Academy (“**CIA**”)<sup>1</sup> in terms of overall strength. The Group was honoured as one of the “Leading City Services Companies in China” (中國城市服務領先企業) by CIA in 2023 and Shishan Cultural Square, a project under the Group’s management, was accredited as “China Five-Star Property Service Project in 2023 (2023 中國五星級物業服務項目)”.

The Group provides comprehensive city services and property management services to a wide variety of properties, including (i) city services offered to local governments and public authorities to satisfy local residents’ daily living needs and improve their living standards and experience; (ii) commercial property management services offered to industrial parks, office buildings, apartments and commercial complexes; and (iii)

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<sup>1</sup> Each year the CIA publishes the Top 100 Property Management Companies in China in terms of overall strength based on the data from the previous year on key factors such as management scale, operational performance, service quality, growth potential and social responsibility of the property management companies under consideration.

residential property management services. The Group offers both traditional property management services and a wide range of value-added services to commercial properties and residential communities to address the diverse needs of its customers while enhancing customer stickiness. The Group also provides property leasing services where it leases out office buildings and apartments to diversify its revenue streams. The Group believes that provision of diverse services will improve customers' loyalty, increase its brand recognition and enhance business operations and financial performance.

As of 31 December 2023, the Group was contracted to provide public facility management services, basic commercial property management services and basic residential property management services to 136 projects in China, with a total contracted gross floor area (“GFA”) of approximately 16.7 million square metres (“sq. m.”), representing an increase of 83.5% compared with 31 December 2022, primarily due to the fact that the Company was officially engaged to provide services for Shushan Village Scenic Area (樹山村景區) with a total GFA of 5.2 million sq.m., among which 126 projects with a total GFA of over 15.2 million sq.m. were under the Group's management.

## BUSINESS REVIEW

During the year ended 31 December 2023, the Group derived its revenue primarily from four business lines, namely, (i) city services; (ii) commercial property management services; (iii) residential property management service; and (iv) property leasing services.

### Portfolio of Properties under Management

The following table sets forth the number of projects and GFA under the Group's management for public facility management services, basic commercial property management services and basic residential property management services by business line as of the dates indicated:

	As of 31 December			
	2023		2022	
	Number of projects	GFA under management <i>sq.m.'000</i>	Number of projects	GFA under management <i>sq.m.'000</i>
Public facility management services	45	3,421.6	29	1,709.4
Basic commercial property management services	50	8,408.3	36	2,112.5
Basic residential property management services	31	3,329.3	22	3,175.8
<b>Total</b>	<b>126</b>	<b>15,159.2</b>	<b>87</b>	<b>6,997.7</b>

## ***City Services***

The Group assists local governments and public authorities in their provision of city services to improve local residents' living experience and environment. The Group's city services primarily include (i) municipal infrastructure services; (ii) public facility management services; and (iii) operation of waste collection centres.

### ***Municipal Infrastructure Services***

The Group offers municipal infrastructure services including cleaning, greening, maintenance, regular inspection and refurbishment services to ensure the cleanliness and normal operations of public infrastructure under the Group's management, including city roads, external walls of buildings along main city roads, street lamps, water supply network, as well as tram and tram platforms. The Group charges service fees based on the length of roads or GFA of the site area covered by its services. As of 31 December 2023, the Group provided municipal infrastructure services to 32 projects.

### ***Public Facility Management Services***

The Group offers property management services including cleaning, security, gardening and landscaping, as well as repair and maintenance services to public facilities such as public museums, libraries, art and sports centres, city parks, schools, hospitals and office buildings for public authorities.

As of 31 December 2023, GFA of public facilities under the Group's management was approximately 3.4 million sq.m., and the Group was contracted to manage public facilities with a GFA of approximately 4.1 million sq.m..

### ***Operation of Waste Collection Centres***

Underpinned by the Group's extensive experience in maintaining public facilities, the Group has been awarded by local governments and public authorities for the construction and operation of waste collection centres. Upon construction of waste collection centres, the Group assists local governments and public authorities in operating the waste collection centres and offering waste management services, including collecting household waste from city roads, households and commercial sources in the Suzhou Gaoxin District, transporting waste to the Group's operated waste collection centres, sorting and compacting waste for better treatment, and disposing compressed waste to incineration for burning or landfills for burying operated by third parties.

As of 31 December 2023, the Group had constructed and operated three waste collection centres in Suzhou with the maximum capacity to process 1,200 tons of household waste per day and 50 tons of bulky waste per day.

### ***Commercial and Residential Property Management Services***

The Group's commercial and residential property management services include both basic property management services and value-added services. Basic property management services include security services, cleaning, greening and gardening services, and common area facility repair and maintenance services. Value-added services include carpark space management services, resource management services, property agency services, and other customized services such as customized cleaning and maintenance services, security services, hosting events, business support and/or assistance to customers in leasing printing machines according to specific customer demands.

As of 31 December 2023, the Group provided basic commercial property management services to 50 commercial properties with a total GFA under management of approximately 8.4 million sq.m., and 31 residential properties with a total GFA under management of approximately 3.3 million sq.m..

### ***Property Leasing***

The Group owns certain investment properties such as office buildings and apartments which are leased out as staff dormitories or offices. The Group charges rental fees and management fees.

As of 31 December 2023, the average occupancy rate of the Group's leased properties was approximately 52.3%. The Group recorded a decrease in average occupancy rate from approximately 64.88% for the year ended 31 December 2022 to approximately 52.3% for the year ended 31 December 2023, primarily due to lower-than-expected capacity utilization rate of enterprises in the surrounding area of the Company's largest property leasing project, Jinlin Apartment (金鄰公寓), which affected the demand for residential properties.

### **OUTLOOK**

Firstly, the Group will manage the growth of project scale while increasing profitability. The Group's business scale will be expanded through mergers and acquisitions, equity investment and other methods. Sound procedures for the selection of acquisition targets as well as due diligence and judgment will be implemented. The Group will closely monitor key projects with a focus on major processes such as project completion, tender and bidding. Through strategic cooperation, the Group will carry out in-depth research on market demand and industry trends in order to improve the bid winning rate and business growth rate of projects.

Secondly, the Group will fully enter the market in Jiangsu Province and achieve comprehensive business growth. Over the past year, the Company successfully completed its business layout across all ten major segments of Suzhou. In 2024, with its foothold in Suzhou and considering the specific market demands of Jiangsu Province, the Company will adjust and optimize its service strategies to ensure rapid adaptation and continuous business growth in the new market environment. This initiative will serve as an opportunity for the Company to optimize its service model, expand its service range, establish a more comprehensive business network within Jiangsu Province, and further enhance the Company's brand influence and industry status.

Thirdly, the Group will provide professional and customized property services. The Group will continue to improve its service quality and customer satisfaction, and refine its service processes and service levels through regular customer feedback surveys and satisfaction assessments. The Group will strengthen staff trainings and skill improvement to ensure that all staff have professional knowledge and skills to deal with various complex situations. The Group will enhance its communication and cooperation with customers, continuously understand their needs and expectations, and provide customized property solutions.

Fourthly, the Group will accelerate digital development of the industry and promote the upgrade of smart services. The Group will comprehensively promote the integrated customer service center, city housekeeper platform and WeChat App, realize online access to report and repair, dynamic update of project data, and unified management of services. According to the characteristics of each project, various methods will be adopted to improve the service quality. The Group will strengthen the construction of smart properties and provide innovative services and value-added services, so as to continuously improve the satisfaction of owners. The Group will introduce advanced property management systems and technologies to boost work efficiency and information management capabilities. The Group will continue to optimize its quality management system, and strengthen the supervision and implementation of various work processes and standard operations, in order to ensure the efficiency and standardization of operating activities. The Group will continuously improve equipment maintenance and maintenance work to ensure the normal operation of equipment and reduce failures and downtime.

## FINANCIAL REVIEW

The consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2022 have been restated. Please refer to Note 3 to the consolidated financial statements for details. Accordingly, the following comparative figures provided for the year ended 31 December 2022 are also restated as compared to those set out in the annual results announcement of the Company for the year ended 31 December 2022.

### Revenue

The following table sets forth a breakdown of the Group's revenue by business line for the periods indicated:

	Year ended 31 December			
	2023		2022	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i> (Restated)	<i>%</i>
<b>City services</b>	<b>453,111</b>	<b>62.5%</b>	256,767	48.0%
— Municipal infrastructure services	<b>260,006</b>	<b>35.9%</b>	123,585	23.1%
— Public facility management services	<b>143,417</b>	<b>19.8%</b>	91,850	17.2%
— Operation of waste collection centers	<b>49,688</b>	<b>6.8%</b>	41,332	7.7%
<b>Commercial property management services</b>	<b>195,191</b>	<b>26.9%</b>	188,211	35.3%
— Basic property management services	<b>154,203</b>	<b>21.3%</b>	163,359	30.6%
— Value-added services	<b>40,988</b>	<b>5.6%</b>	24,852	4.7%
<b>Residential property management services</b>	<b>60,096</b>	<b>8.3%</b>	65,622	12.3%
— Basic property management services	<b>50,054</b>	<b>6.9%</b>	46,117	8.6%
— Value-added services	<b>10,042</b>	<b>1.4%</b>	19,505	3.7%
<b>Property leasing</b>	<b>16,706</b>	<b>2.3%</b>	23,623	4.4%
<b>Total</b>	<b>725,104</b>	<b>100.0%</b>	534,223	100.0%

Revenue of the Group increased by approximately 35.7% from approximately RMB534.2 million for the year ended 31 December 2022 to approximately RMB725.1 million for the year ended 31 December 2023, primarily reflecting the following:

- (i) revenue from city services increased by approximately 76.5% from approximately RMB256.8 million for the year ended 31 December 2022 to approximately RMB453.1 million for the year ended 31 December 2023, primarily due to the increase in revenue from municipal infrastructure services as a result of the expansion of integrated city services provided by the Group, as well as the addition of public facilities including schools, hospitals, cultural and sports complex to which the Group offers property management services during the year ended 31 December 2023;
- (ii) revenue from commercial property management services increased by approximately 3.7% from approximately RMB188.2 million for the year ended 31 December 2022 to approximately RMB195.2 million for the year ended 31 December 2023, primarily due to the increase in the number of commercial property sales offices and industrial park projects under the Group's management for the year ended 31 December 2023;
- (iii) revenue from residential property management services decreased by approximately 8.4% from approximately RMB65.6 million for the year ended 31 December 2022 to approximately RMB60.1 million for the year ended 31 December 2023, primarily due to the return of public revenue to the owners' committee for the self-governance of homowners at the request of the owners' committee during the year ended 31 December 2023; and
- (iv) revenue from property leasing services decreased by approximately 29.3% from approximately RMB23.6 million for the year ended 31 December 2022 to approximately RMB16.7 million for the year ended 31 December 2023, primarily due to lower-than-expected capacity utilization rate of enterprises in the surrounding area of Jinlin Apartment (金鄰公寓), which affected the demand for residential properties.

### **Cost of Sales**

The Group's cost of sales increased from approximately RMB410.6 million for the year ended 31 December 2022 to approximately RMB578.1 million for the year ended 31 December 2023 primarily due to the increase in subcontracting costs as a result of the increase in integrated city services projects and public facility projects of the Group.

## Gross Profit and Gross Profit Margin

The following table sets forth the Group's gross profit and gross profit margin by business line for the periods indicated:

	Year ended 31 December			
	2023		2022	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB'000</i>		<i>RMB'000</i>	
			(Restated)	
City services	95,024	21.0%	63,197	24.6%
Commercial property management services	36,490	18.7%	34,415	18.3%
Residential property management services	4,967	8.3%	6,302	9.6%
Property leasing	10,492	62.8%	19,696	83.4%
<b>Total</b>	<b>146,973</b>	<b>20.3%</b>	<b>123,610</b>	<b>23.1%</b>

The Group's gross profit increased by approximately 18.9% from approximately RMB123.6 million for the year ended 31 December 2022 to approximately RMB147.0 million for the year ended 31 December 2023, primarily due to the Group's business expansion.

The Group's gross profit margin decreased by 2.8 percentage points during the year ended 31 December 2023 from 23.1% for the year ended 31 December 2022 to 20.3% for the year ended 31 December 2023, primarily reflecting the following:

- (i) gross profit for city services increased by approximately 50.4% from approximately RMB63.2 million for the year ended 31 December 2022 to approximately RMB95.0 million for the year ended 31 December 2023, mainly due to the increase in revenue from municipal infrastructure services as a result of the expansion of integrated city services provided by the Group, as well as the addition of the Group's public facilities including schools, hospitals, cultural and sports complex to which the Group offers property management services during the year ended 31 December 2023;
- (ii) gross profit for commercial property management services increased by approximately 6.0% from approximately RMB34.4 million for the year ended 31 December 2022 to approximately RMB36.5 million for the year ended 31 December 2023, primarily due to the increase in the number of commercial property sales offices and industrial park projects under the Group's management for the year ended 31 December 2023;

- (iii) gross profit for residential property management services decreased by approximately 21.2% from approximately RMB6.3 million for the year ended 31 December 2022 to approximately RMB5.0 million for the year ended 31 December 2023, primarily due to the return of public revenue to the owners' committee for the self-governance of homowners at the request of the owners' committee during the year ended 31 December 2023; and
- (iv) gross profit for property leasing services decreased by approximately 46.7% from approximately RMB19.7 million for the year ended 31 December 2022 to approximately RMB10.5 million for the year ended 31 December 2023, primarily due to lower-than-expected capacity utilization rate of enterprises in the surrounding area of Jinlin Apartment (金鄰公寓), which affected the demand for residential properties.

### **Other Income and Gains**

The Group's other income and gains increased by approximately 157.7% from approximately RMB17.8 million for the year ended 31 December 2022 to approximately RMB45.9 million for the year ended 31 December 2023, primarily because of the compensation of approximately RMB29.5 million from the municipal government for the demolition and relocation of Meilin Youth Apartment (美鄰青年公寓) during the year ended 31 December 2023.

### **Selling and Marketing Expenses**

The Group's selling and marketing expenses remained relatively stable at approximately RMB3.0 million and RMB3.3 million for the years ended 31 December 2022 and 2023, respectively.

### **Administrative Expenses**

Administrative expenses increased by approximately 40.8% from approximately RMB35.5 million for the year ended 31 December 2022 to approximately RMB49.9 million for the year ended 31 December 2023, primarily due to (i) the increase in employee compensation arising from the increase in the number of employees due to the Group's business expansion and the adjustment of the employee remuneration structure during the year ended 31 December 2023; and (ii) the increase in consultation fees in relation to, among others, the changes in the use of the Net Proceeds (defined below), the amendments to the articles of association of the Company, the acquisitions and disposals of equity interests in various target companies and other matters during the year ended 31 December 2023.

## Other Expenses

Other expenses increased by approximately 1,764.1% from approximately RMB1.1 million for the year ended 31 December 2022 to approximately RMB21.0 million for the year ended 31 December 2023, primarily due to the decrease in the fair value of valuation of investment properties as a result of lower-than-expected capacity utilization rate of enterprises in the surrounding area of Jinlin Apartment (金鄰公寓), which affected the demand for residential properties.

## Finance Costs

Finance cost increased by approximately 26.7% from approximately RMB12.0 million for the year ended 31 December 2022 to approximately RMB15.2 million for the year ended 31 December 2023, primarily due to the fact that the interest was recognized as expenses upon commencement of operation of the household waste collection centers. Borrowing costs directly attributable to the construction of waste collection centers were capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceased when waste collection centers were substantially ready for their intended use.

## Share of Profits/Losses of a Joint Venture and Associates

On 18 December 2020, the Group invested RMB9.8 million in SND Yiyang Health Management Company Limited (蘇高新怡養健康管理有限公司) (“**SND Yiyang**”), a provider of elderly care, nursing and medical services, for 49% of its shares. As a result of the disappointing performance of SND Yiyang, the Company entered into an asset transaction agreement on 7 June 2023 to dispose of its entire interest in SND Yiyang at a consideration of RMB5,808,100. On 18 September 2023, the disposal of SND Yiyang (the “**Yiyang Disposal**”) was completed and the Group recorded a gain on the disposal of approximately RMB1 million. SND Yiyang had ceased to contribute profit or loss to the Group thereafter.

For details, please refer to the section headed “SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES” below.

For the year ended 31 December 2023, the Group’s share of loss of an associate arose from the investment in SND Yiyang, which amounted to approximately RMB0.3 million, and the Group’s share of profit of associates arose from the investments in (i) Suzhou Langyiju Commercial Management Service Co., Ltd.\* (蘇州朗頤居商業管理服務有限公司) (“**Langyiju Commercial**”); and (ii) Suzhou Mingsu Commercial Management Co., Ltd.\* (蘇州銘蘇商業管理有限公司) (“**Mingsu Commercial**”), which amounted to approximately RMB1.3 million, and the share of profit of a joint venture arose from the investment in Suzhou Gaoxin Rongyu Housing Leasing Co., Ltd.\* (蘇州高新融寓住房租賃有限公司) (“**Gaoxin Rongyu**”) which amounted to RMB9,000, as compared to the share of loss of an associate from the investment in SND Yiyang of approximately RMB2.0 million for the year ended 31 December 2022. Both Langyiju Commercial and Mingsu Commercial are providers of property management services and the Group holds 19% equity interests in each of them; whereas Gaoxin Rongyu is a joint venture principally engaged in provision of real estate agency services and housing agency services, 50% equity interests of which is held by the Group.

## Income Tax Expense

Income tax expenses increased by approximately 7.1% from approximately RMB22.8 million for the year ended 31 December 2022 to RMB24.4 million for the year ended 31 December 2023, primarily due to the expansion of the Group which led to the increase in the Group's profit before tax for the year ended 31 December 2023.

## Profit for the Year

As a result of the foregoing, profit for the year increased from approximately RMB65.1 million for the year ended 31 December 2022 to approximately RMB80.1 million for the year ended 31 December 2023.

## Property, Plant and Equipment

Property, plant and equipment decreased by approximately 4.3% from approximately RMB410.2 million for the year ended 31 December 2022 to RMB392.6 million for the year ended 31 December 2023, primarily due to the completion of Huanshan Road Waste Collection Center in late 2022, which resulted in the increase in depreciation expenses in 2023.

## Investment Properties

The Group's investment properties mainly represent the value of commercial properties and rental apartments. The value of the Group's investment properties decreased by approximately 5.7% from approximately RMB353.0 million for the year ended 31 December 2022 to RMB332.7 million for the year ended 31 December 2023.

## Equity Investment Designated at Fair Value Through Other Comprehensive Income

As of 31 December 2023, the Group recorded equity investments designated at fair value through other comprehensive income of approximately RMB5.0 million (31 December 2022: approximately RMB70.7 million).

As at 31 December 2023, equity investments designated at fair value through other comprehensive income reflect the value of the Group's equity investment in Suzhou Xinjingtian Business Land Development Company (蘇州新景天商務地產發展有限公司) (“Suzhou Xinjingtian”), details of which are set out below:

		Percentage of equity attributes as of 31 December 2023	Investment costs RMB'000	Fair value through other comprehensive income as of 31 December 2023 RMB'000	Size relative to the Company's total assets as of 31 December 2023	Fair value loss as of 31 December 2023 RMB'000
Suzhou Xinjingtian	Property development and leasing	8.00%	24,000	4,950	0.3%	6,254

No dividends were received on the above investment during the year ended 31 December 2023 (31 December 2022: Nil).

The substantial decrease of the Group's equity investments designated at fair value through other comprehensive income as at 31 December 2023 as compared with that of 31 December 2022 was primarily due to the Group's disposal of its entire interest held in Suzhou Huirong Business Travel Development Company (蘇州匯融商旅發展有限公司) (“**Suzhou Huirong**”) during the year ended 31 December 2023 (the “**Huirong Disposal**”). For details, please refer to the section headed “SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES” below.

The Group remains susceptible to the risk of fair value change of its equity investments designated at fair value through other comprehensive income, and may record a fair value loss on the equity investments in the future, which would lead to a decrease in the total assets as well as net assets.

To monitor the performance of the Group's equity investments, the Group has adopted the following internal control policies: (i) the manager and supporting staff of each equity investment report the investment budget, the operational status of the investment target, and the major issues and their potential consequences to the Group's management on a quarterly basis; (ii) the Group will review the equity investments at least annually, and conduct periodical or special audits of its investment assets; and (iii) all the files related to each equity investment are documented and archived.

### **Trade Receivables**

Trade receivables are amounts due from independent third-party customers for services the Group performed in its ordinary course of business. The Group's trade receivables increased by approximately 67.2% from approximately RMB176.5 million as of 31 December 2022 to approximately RMB295.1 million as of 31 December 2023, primarily due to the expansion of the city services provided by the Group during the year ended 31 December 2023 and payments in relation to various integrated city services projects were not yet settled for the year ended 31 December 2023, resulting in an increase in trade receivables.

### **Prepayments, Other Receivables and Other Assets**

The Group's prepayments, other receivables and other assets decreased by approximately 12.4% from approximately RMB32.7 million as of 31 December 2022 to approximately RMB28.6 million as of 31 December 2023, mainly attributable to the decrease in value-added tax deductible during the year ended 31 December 2023 due to the increase in revenue after the completion of the waste collection centers by the end of 2022.

## **Trade Payables**

Trade payables primarily represent the Group's obligations to pay for services acquired in the ordinary course of business from independent third-party subcontractors and construction parties of waste collection centres. The Group's trade payables increased by approximately 41.7% from approximately RMB212.6 million as of 31 December 2022 to approximately RMB301.3 million as of 31 December 2023, primarily due to the expansion of the city services provided by the Group during the year ended 31 December 2023 and payments in relation to various integrated city services projects were not yet settled by the Group for the year ended 31 December 2023, resulting in an increase in trade payables due to subcontractors.

## **Other Payables and Accruals**

Other payables and accruals represent (i) deposits that the Group collects from (a) property developers, property owners, residents and tenants before the Group commences its provision of property management services; and (b) property owners and residents before they begin renovating or refurbishing their units; (ii) payroll and welfare payable; (iii) maintenance funds; (iv) receipts of payments on behalf of customers, which primarily include payments from third parties for common area advertising and temporary parking; and (v) other tax payables.

The Group's other payables and accruals increased by approximately 13.7% from approximately RMB96.9 million as of 31 December 2022 to approximately RMB110.2 million as of 31 December 2023, primarily attributable to the dividends payable to the company's controlling shareholder in the amount of approximately RMB12.6 million as of 31 December 2023, which has been settled in March 2024.

## **Contract Liabilities**

Contract liabilities mainly arise from payments the Group receives from customers based on billing schedules prescribed in the property management service agreements. A portion of payments are usually received in advance of the performance of property management services under the contracts.

The Group's contract liabilities increased by approximately 34.9% from approximately RMB39.8 million as of 31 December 2022 to approximately RMB53.7 million as of 31 December 2023, primarily due to the addition of the Group's management projects.

## Net Current Assets

The Group's total current assets increased by approximately 47.2% from approximately RMB589.9 million as of 31 December 2022 to approximately RMB868.0 million as of 31 December 2023, primarily due to the increase in trade receivables as a result of the expansion of city services provided by the Group during the year ended 31 December 2023. Total current liabilities increased by approximately 30.2% from approximately RMB392.3 million as of 31 December 2022 to approximately RMB510.9 million as of 31 December 2023, primarily due to the increase in trade payables as a result of the expansion of city services as mentioned. As a result, the Group's net current assets increased by approximately 80.8% from approximately RMB197.5 million as of 31 December 2022 to approximately RMB357.1 million as of 31 December 2023.

## LIQUIDITY AND CAPITAL RESOURCES

The Group's main source of liquidity mainly came from cash flow from proceeds from the Global Offering, operations and interest-bearing borrowings. As of 31 December 2023, cash and cash equivalents of the Group amounted to approximately RMB397.3 million, of which RMB237.7 million was denominated in RMB and HK\$176.1 million (equivalent to approximately RMB159.6 million) was denominated in Hong Kong dollars (31 December 2022: approximately RMB355.9 million, of which RMB162.2 million was denominated in RMB and HK\$216.9 million was denominated in Hong Kong dollars).

### Bank Borrowings

As of 31 December 2023, interest-bearing bank loans of the Group amounted to approximately RMB119.1 million (31 December 2022: approximately RMB122.5 million), all of which were denominated in Renminbi and carried fixed interest rates.

The following table sets forth the components of the Group's borrowings as of the dates indicated:

	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
Current		
— Current portion of long-term bank loans — secured	<b>10,000</b>	11,250
Non-current		
— Bank loans — secured	<b>109,063</b>	111,250
<b>Total</b>	<b>119,063</b>	122,500

The table below sets forth a repayment schedule of the interest-bearing bank loans as of the dates indicated:

	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
Repayable within one year or on demand	<b>10,000</b>	11,250
Repayable within two to five years, inclusive	<b>40,000</b>	78,250
Beyond five years	<b>69,063</b>	33,000
<b>Total</b>	<b>119,063</b>	122,500

### **Other Liabilities**

As of 31 December 2023, the Group recorded other liabilities of approximately RMB174.0 million (31 December 2022: approximately RMB171.0 million). Other liabilities arose from an earmarked governmental loan granted by the Suzhou Finance Bureau to Suzhou Xingang Municipal Greening Service Co., Ltd.\* (蘇州新港市政綠化服務有限公司), a subsidiary of the Company, with nominal value of RMB200.0 million, an annual nominal interest rate of 3.37% payable semiannually and a maturity date on 27 February 2030 to facilitate the construction of waste collection centres.

### **Pledge of Assets**

As at 31 December 2023, the Group's bank loan of approximately RMB119.1 million were secured by certain investment properties and buildings of the Group with an aggregated carrying value of RMB54.0 million (31 December 2022: approximately RMB122.5 million with an aggregated carrying value of RMB57.2 million).

### **Gearing Ratio**

Gearing ratio is calculated based on total bank loans and other liabilities divided by total equity as of the end of that period. The Group's gearing ratio for the year ended 31 December 2023 was 36.1% (31 December 2022: 38.9%).

### **Contingent Liabilities**

As of 31 December 2023, the Group did not have any outstanding material contingent liabilities (31 December 2022: nil).

## **Capital Expenditures**

The Group's capital expenditure primarily represented expenditures incurred for purchase of property, plant and equipment and additions to leasehold land. During the year ended 31 December 2023, the Group incurred capital expenditures of approximately RMB49.0 million (31 December 2022: RMB57.4 million).

## **MARKET RISK ANALYSIS**

The Group's major financial instruments include bank loans, finance leases, other liabilities, which primarily consist of government bonds and cash and time deposits. The risks associated with these financial instruments include credit risk and liquidity risk. The Directors manage and monitor these exposures to ensure that appropriate measures are implemented in a timely and effective manner.

### **Credit Risk**

The Group enters into transactions only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is insignificant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Group's head of credit control.

### **Liquidity Risk**

The Group manages its exposure to liquidity risk primarily by monitoring current ratio. The objective of the Group is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans. The Group's policy is that all the borrowings should be approved by the chief financial officer of the Company.

### **Foreign Exchange Risk**

The Group's operations are primarily conducted in Renminbi, which is the functional currency of the Group. Material fluctuations in the exchange rate of the Renminbi against the Hong Kong dollar may negatively impact the value and amount of any dividends payable on the shares of the Company. Currently, the Group does not implement any foreign currency hedging policy and the management of the Group will closely monitor any exposure to foreign exchange.

## **SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

### **Disposal of SND Yiyang and Suzhou Huirong**

As the Company is a state-controlled listed company, any disposal of its state-owned property right is required to undergo the process of public tender through a qualified equity exchange organization in accordance with the regulations concerning the disposal of state-owned property right.

#### ***SND Yiyang***

On 24 March 2023, the Company proposed to dispose of the 49% equity interest in SND Yiyang held by it through public tender at the Suzhou Exchange Centre. Upon completion of the process of the public tender, Suzhou Hightech Health Industry Development (Suzhou) Co., Ltd.\* (蘇高新健康產業發展(蘇州)有限公司) (the “**Yiyang Purchaser**”) was the successful bidder and the final bid price was RMB5,808,100. On 7 June 2023, the Company entered into an asset transaction agreement with the Yiyang Purchaser in relation to the Yiyang Disposal. The Yiyang Purchaser is an indirect non-wholly owned subsidiary of Suzhou Sugaoxin Group Co., Ltd.\* (蘇州蘇高新集團有限公司) (“**SND Company**”), a controlling shareholder of the Company. The Yiyang Purchaser is therefore a connected person of the Company and the Yiyang Disposal constituted a connected transaction of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). For details, please refer to the announcements of the Company dated 24 March 2023 and 7 June 2023, respectively.

On 18 September 2023, the Yiyang Disposal was completed and the Company had ceased to hold any equity interest in SND Yiyang.

#### ***Suzhou Huirong***

On 15 June 2023, the Company proposed to dispose of the 3.167% equity interest in Suzhou Huirong held by it through public tender at the Suzhou Exchange Centre. Upon completion of the process of the public tender, Suzhou Jianrong Group Co., Ltd.\* (蘇州建融集團有限公司) (the “**Huirong Purchaser**”) was the successful bidder and the final bid price was RMB60,302,500. On 3 August 2023, Suzhou Golden Lion Building Development Management Co., Ltd.\* (蘇州金獅大廈發展管理有限公司) (“**Golden Lion**”), a direct wholly-owned subsidiary of the Company (as vendor) entered into an asset transaction agreement with the Huirong Purchaser in relation to the Huirong Disposal. The Huirong Purchaser is a direct non-wholly owned subsidiary of SND Company, a controlling shareholder of the Company. The Huirong Purchaser is therefore a connected person of the Company and the Huirong Disposal constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. It also constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcements of the Company dated 15 June 2023 and 3 August 2023, respectively.

On 4 December 2023, the Huirong Disposal was completed and the Company had ceased to hold any equity interest in Suzhou Huirong.

## **Acquisition of Sutong Kejia and Runjia**

### ***Sutong Kejia***

On 26 July 2023, the Company submitted a bid for the proposed acquisition of 100% equity interest in Suzhou Sutong Kejia Electromechanical Engineering Co., Ltd.\* (蘇州蘇銅科嘉機電工程有限公司) (“**Sutong Kejia**”) through public tender at the Suzhou Exchange Centre. On 10 August 2023, Golden Lion (as purchaser) and Suzhou Gaoxin Zhitai Innovation Development Co., Ltd.\* (蘇州高新智泰創新發展有限公司) (“**Zhitai**”) (as vendor) entered into an asset transfer agreement pursuant to which Golden Lion has agreed to acquire, and Zhitai has agreed to dispose of, 100% equity interest in Sutong Kejia at the final bid price of RMB1 (the “**Kejia Acquisition**”). As Zhitai is a wholly-owned subsidiary of SND Company, which is a controlling shareholder of the Company, Zhitai is a connected person of the Company under Chapter 14A of the Listing Rules. The proposed acquisition constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. For details, please refer to the announcements of the Company dated 26 July 2023 and 10 August 2023.

### ***Runjia***

On 26 July 2023, the Company submitted a bid for the proposed acquisition of 100% equity interest in Suzhou Runjia Engineering Co., Ltd.\* (蘇州潤嘉工程有限公司) (“**Runjia**”) through public tender at the Suzhou Exchange Centre. On 10 August 2023, Golden Lion (as purchaser), entered into (i) an asset transfer agreement with Zhitai pursuant to which Golden Lion has agreed to acquire, and Zhitai has agreed to dispose of, 49% equity interest in Runjia at the consideration of RMB2,053,500; and (ii) an asset transfer agreement with Suzhou High Tech Zone Water Supply Co., Ltd.\* (蘇州高新區自來水有限公司) (“**Suzhou Water Supply Co**”) pursuant to which Golden Lion has agreed to acquire, and Suzhou Water Supply Co has agreed to dispose of, 51% equity interest in Runjia at the consideration of RMB2,137,300, where (i) and (ii) totalled at the final bid price of RMB4,190,800 (the “**Runjia Acquisition**”), which was determined with reference to the valuation of the sale equity by an independent valuer as at 31 December 2022 based on the asset-based approach.

Zhitai is a wholly-owned subsidiary of SND Company, while Suzhou Water Supply Co is owned as to 92.9% by SND Company and 7.1% by SND Gaoxin Tech Industry Co., Ltd.\* (蘇州新區高新技術產業股份有限公司), an A-share company listed on the Shanghai Stock Exchange (stock code: 600736), which is owned as to approximately 43.79% by SND Company. SND Company is a controlling shareholder of the Company, accordingly, each of the vendors is a connected person of the Company under Chapter 14A of the Listing Rules. The Runjia Acquisition constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

On 4 September 2023, upon completion of the Runjia Acquisition, Runjia entered into a services procurement framework agreement with Suzhou Water Supply Co, pursuant to which Runjia will provide the (i) facility and water supply maintenance services; and (ii) water plant sanitation, water purification and sludge drying services to Suzhou Water Supply Co for a term commencing from the date thereof to 31 December 2025.

For details, please refer to the announcements of the Company dated 26 July 2023 and 10 August 2023.

Save as disclosed above, the Company did not have any other significant investment or significant acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2023.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

As disclosed in the announcement of the Company dated 27 April 2023, the Company intended to purchase an office building in Hong Kong partly for own use and partly for leasing which served as the Company's tangible platform in Hong Kong. The Company believed that having a physical presence in Hong Kong would help strengthen further in-depth cooperation with companies in Hong Kong, which is in line the Company's future development strategy to transform, upgrade, expand and deepen its property leasing business in Hong Kong. As at the date of this announcement, the Group is still identifying suitable office building and no agreement has been entered into by the Company.

Save as disclosed above, as at 31 December 2023, the Company did not have any future plans for material investments or additions of capital assets.

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

No event has taken place subsequent to 31 December 2023 and up to the date of this announcement that may have a material impact on the Group's operating and financial performance that needs to be disclosed.

## PROCEEDS FROM LISTING

The Company raised net proceeds from the Global Offering in the amount of approximately HK\$176.3 million (the “**Net Proceeds**”). The Company intended to utilise the Net Proceeds according to the plans set out in the section headed “Future Plans and Use of Proceeds” in the Company’s prospectus dated 10 August 2022, as amended in the manner as disclosed in the announcement of the Company dated 27 April 2023 (the “**UOP Announcement**”).

An analysis of the utilization of the Net Proceeds as at 31 December 2023 is set out below:

Proposed use of Net Proceeds	Planned use of Net Proceeds as set out in the Prospectus (HK\$ million)	Unutilised Net Proceeds as of 1 January 2023 (HK\$ million)	Utilised Net Proceeds before change in use on 27 April 2023 (HK\$ million)	Unutilised Net Proceeds before change in use on 27 April 2023 (HK\$ million)	Unutilised Net Proceeds after the revised allocation as stated in the UOP Announcement (HK\$ million)	Net Proceeds utilised during the year ended 31 December 2023 (HK\$ million)	Unutilised Net Proceeds as of 31 December 2023 (HK\$ million)	Expected time of full utilisation
Acquisitions	52.9	52.9	2.86	50.04	50.04	5.71	47.19	By 31 December 2024
	Nil	Nil	Nil	Nil	52.9	0	52.9	By 31 December 2024 <sup>(1)</sup>
	Nil	Nil	Nil	Nil	52.9	0	52.9	By 31 December 2024 <sup>(1)</sup>
Strategic Investments	52.9	52.9	0	52.9	14.1	14.1	0	By 31 December 2024
	52.9	52.9	0	52.9	14.1	14.1	0	By 31 December 2024
Expansion and diversification of value-added services	26.4	26.4	0 <sup>(2)</sup>	26.4 <sup>(2)</sup>	26.4 <sup>(2)</sup>	1.56	24.84	By 31 December 2024 <sup>(3)</sup>
	14.1	14.1	0	14.1	Nil	Nil	Nil	N/A
	14.1	14.1	0	14.1	Nil	Nil	Nil	N/A
Technological investment	7.1	7.1	0.69	6.41	6.41	6.11 <sup>(4)</sup>	0.99	By 31 December 2024
	7.1	7.1	0.69	6.41	6.41	6.11 <sup>(4)</sup>	0.99	By 31 December 2024
Talent Training and Retention	5.3	5.3	0.29	5.01	5.01	5.3 <sup>(4)</sup>	0	By 31 December 2024
	5.3	5.3	0.29	5.01	5.01	5.3 <sup>(4)</sup>	0	By 31 December 2024
Working capital and other general corporate purposes	17.6	16.71	14.29	3.31	3.31	16.71 <sup>(4)</sup>	0	By 31 December 2024
	17.6	16.71	14.29	3.31	3.31	16.71 <sup>(4)</sup>	0	By 31 December 2024
<b>Total</b>	<b>176.30</b>	<b>175.41</b>	<b>18.13</b>	<b>158.17</b>	<b>158.17</b>	<b>49.49</b>	<b>125.92</b>	

*Notes:*

- (1) The expected time of full utilisation of the Net Proceeds for the acquisition of office building in Hong Kong for own use and leasing is postponed from 31 December 2023 to 31 December 2024, as additional time is required by the Company to select the suitable property, taking into account (among other things) the recent changes in the regulatory policies of the property market, which may have an impact on the investment costs.
- (2) According to the UOP Announcement, an amount of HK\$5.7 million reserved for payment for “establishment of the Group’s own brand “Suxin Leju (蘇新樂居)” and launch of apartment management and operational services for housing for talents” was classified as utilized Net Proceeds as the Group had contractual payment obligation pursuant to the relevant agreement. However, such agreement was terminated subsequently and the Group was released from such payment obligation. Accordingly, the utilized Net Proceeds in respect of such purpose should be nil and the unutilized Net Proceeds available for such allocation should increase from HK\$20.7 million as disclosed in the UOP Announcement to HK\$26.4 million as re-stated in this announcement.
- (3) According to the Prospectus, approximately HK\$17.6 million of the Net Proceeds allocated for the “establishment of the Group’s own brand “Suxin Leju (蘇新樂居)” and launch of apartment management and operational services for housing for talents” should be utilised by 31 December 2023. Since the Listing, the Company has been actively communicating with the Housing and Construction Bureau of Suzhou Hi-Tech District (Huqiu District) in relation to the launch of management and operation services for housing for talent, and successfully entered into a government procurement contract as at 1 January 2024. Therefore, the actual timeline of utilisation is delayed.
- (4) The actual timeline of utilisation was expedited as compared to the timeline set out in the Prospectus due to the rapid business expansion of the Group during the year ended 31 December 2023, and as a result of which, the Group’s investments in technologies and intelligent operations, expenditure in relation to talent recruitment and needs of working capital also increased. All the Net Proceeds utilised were in accordance with the purposes set out in the Prospectus.

As of 31 December 2023, the Directors are not aware of any material change in the planned use of the Net Proceeds. The remaining Net Proceeds which had not been utilized were placed in short-term demand deposits with licensed financial institution. The unutilised Net Proceeds and the above timeline of intended utilization will be applied in the manners disclosed by the Company. However, the expected timeline for the unutilised Net Proceeds is based on the Directors’ best estimation barring unforeseen circumstances, and would be subject to change based on the future development of the Group’s business and the market conditions.

## **EMPLOYEES AND REMUNERATION POLICY**

As of 31 December 2023, the Group had a total of 1,647 full-time employees in China (31 December 2022: 1,226). For the year ended 31 December 2023, the staff cost recognised as expenses of the Group amounted to approximately RMB174.0 million (31 December 2022: approximately RMB161.3 million).

The Group believes that the expertise, experience and professional development of its employees contributes to its growth. The Group proactively recruits skilled and qualified personnel with relevant working experience in property management to support the sustainable growth of business. The remuneration package of employees of the Group includes salary and bonus, which are generally based on their qualifications, industry experience, position and performance. In addition, the Group provides training programs regularly and across management levels, in compatible with practical needs, covering key areas in its business operations, including but not limited to corporate culture and policies, technical knowledge required for certain positions, leadership skills and general knowledge about the nature of the Group's services.

As of 31 December 2023, there was no share incentive schemes of the Company.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company aims to achieve high standards of corporate governance which are crucial to the development of the Group and would safeguard the interests of the Company's shareholders (the "**Shareholder(s)**"). During the year ended 31 December 2023, the Company has applied the principles of good corporate governance and complied with the code provisions set out in Part 2 of the Corporate Governance Code (the "**Corporate Governance Code**") as contained in Appendix 14 to the Listing Rules in force during the year ended 31 December 2023 (i.e. the new Appendix C1 to the Listing Rules with effect from 31 December 2023) save for the deviation from code provision C.2.1 as disclosed below:

The roles of the chairman and the chief executive officer of the Company have not been separated as required by code provision C.2.1 of the Corporate Governance Code. The roles of the chairman and general manager of the Company are both performed by Mr. Cui Xiaodong, an executive Director. The Board believes that vesting the roles of both chairman and general manager in the same individual enables the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Cui Xiaodong's extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group that Mr. Cui Xiaodong continues to act as the chairman and general manager of the Group following the Listing Date, and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors, non-executive Directors and independent non-executive Directors.

Mr. Cui Xiaodong has resigned as the general manager of the Company with effect from 5 September 2023 due to work arrangements. Mr. Zhou Jun, an executive Director and the deputy general manager of the Company, has been appointed to carry out presiding work with authority equivalent to the general manager of the Company with effect from 5 September 2023.

Since then, the Company has complied with code provision C.2.1 of the Corporate Governance Code.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

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 in force during the year ended 31 December 2023 (i.e. the new Appendix C3 to the Listing Rules with effect from 31 December 2023) as its own code of conduct for dealings in the securities of the Company by the Directors and supervisors of the Company.

Specific enquiry has been made of all the Directors and the supervisors and they have confirmed that they have complied with the then applicable Model Code during the year ended 31 December 2023.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2023.

## **FINAL DIVIDEND**

The Board has resolved to recommend the distribution of a final dividend in cash of RMB0.3351 per share of the Company (tax inclusive) for the year ended 31 December 2023 (31 December 2022: RMB0.1700 per share of the Company (tax inclusive)). It is expected that the proposed final dividend, if approved by the Shareholders at the 2023 annual general meeting of the Company (the “**2023 AGM**”), will be paid on or before Tuesday, 13 August 2024.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Listing Rules. The Audit Committee consists of three members, namely Ms. Xin Zhu, Ms. Li Xin and Mr. Liu Xin, with Ms. Xin Zhu, an independent non-executive Director of the Company having appropriate professional qualification, being the chairlady.

## **REVIEW OF ANNUAL RESULTS**

The Audit Committee has reviewed the annual financial results for the year ended 31 December 2023 and considers that the annual financial results are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

## **2023 AGM**

The 2023 AGM will be convened and held on 14 June 2024. The notice of the 2023 AGM will be published on the Company's website ([www.suxinfuwu.com](http://www.suxinfuwu.com)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) in the manner prescribed under the Listing Rules in due course.

### **Closure of Register of Members**

#### *(i) Attending the 2023 AGM*

For the purpose of determining the Shareholders' entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Tuesday, 11 June 2024 to Friday, 14 June 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify the Shareholders to attend and vote at the 2023 AGM, all the completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for H shareholders) or to the registered office of the Company at Room 3001, 30/F, SND International Commerce Tower, 28 Shishan Road, Gaoxin District, Suzhou, Jiangsu Province, PRC (for domestic shareholders) no later than 4:30 p.m. on Friday, 7 June 2024 for registration. Shareholders whose names appear on the register of members of the Company on Friday, 14 June 2024 are entitled to attend and vote at the 2023 AGM.

#### *(ii) Payment of the Proposed Final Dividend*

For the purpose of determining the Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 20 June 2024 to Thursday, 27 June 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify the Shareholders to be entitled to the proposed final dividend, all the completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for H shareholders) or to the registered office of the Company at Room 3001, 30/F, SND International Commerce Tower, 28 Shishan Road, Gaoxin District, Suzhou, Jiangsu Province, PRC (for domestic shareholders) no later than 4:30 p.m. on Wednesday, 19 June 2024 for registration.

## **SCOPE OF WORK OF THE AUDITOR**

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2023, but represents an extract from the consolidated financial statements for the year ended 31 December 2023 which have been audited by the auditor of the Company, Ernst & Young, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

## **PUBLICATION OF ANNUAL RESULTS AND 2023 ANNUAL REPORT**

This announcement is published on the websites of the Company ([www.suxinfuwu.com](http://www.suxinfuwu.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2023 annual report will be made available on the websites of the Company and the Stock Exchange as and when appropriate.

By order of the Board  
**Suxin Joyful Life Services Co., Ltd.**  
**Mr. Cui Xiaodong**  
*Chairman and executive Director*

Suzhou, the People's Republic of China, 22 March 2024

*As at the date of this notice, the executive Directors of the Company are Mr. Cui Xiaodong, Mr. Zhou Jun and Ms. Zhou Lijuan; the non-executive Directors of the Company are Ms. Li Xin, Mr. Cao Bin and Mr. Zhang Jun; and the independent non-executive Directors of the Company are Ms. Zhou Yun, Ms. Xin Zhu and Mr. Liu Xin.*

\* *For identification purpose only*