銀城生活服務有限公司
YINCHENG LIFE SERVICE CO., LTD.
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1922)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

RESULTS HIGHLIGHTS

- Revenue in 2023 was approximately RMB1,973.2 million, representing an increase of approximately 15.2% as compared to approximately RMB1,712.9 million in 2022.
- Gross profit in 2023 was approximately RMB308.0 million, representing an increase of approximately 18.7% as compared to approximately RMB259.4 million in 2022. Gross profit margin in 2023 was approximately 15.6%, representing an increase of 0.5 percentage point as compared to approximately 15.1% in 2022.
- Profit in 2023 was approximately RMB123.6 million, representing an increase of approximately 9.8% as compared to approximately RMB112.6 million in 2022. Net profit margin in 2023 was approximately 6.3%. If deducting the bad debt element of the amount due from related companies, the net profit margin should be 7.9%.
- Profit attributable to owners of the Company in 2023 was approximately RMB116.8 million, representing an increase of approximately 9.5% as compared to approximately RMB106.7 million in 2022.
- Earnings per share attributable to ordinary equity holders of the Company in 2023 was RMB0.44 per share (2022: RMB0.40 per share).
- As at 31 December 2023, revenue generated from independent third parties continued to maintain at a significantly high percentage and accounted for approximately 98% of the Group's total revenue.
- As at 31 December 2023, the Group's cash and cash equivalents amounted to approximately RMB433.4 million (2022: approximately RMB292.1 million).

The board (the "**Board**") of directors (the "**Director(s)**") of Yincheng Life Service CO., Ltd. (the "**Company**" or "**Yincheng Life Service**") is pleased to announce the preliminary annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2023 with comparative figures for the year ended 31 December 2022. The annual results have been prepared in accordance with the International Financial Reporting Standards (the "**IFRSs**"). In addition, the annual results have also been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	**2023** **_RMB'000_**	2022 *RMB'000*
REVENUE	*4*	**1,973,200**	1,712,934
Cost of sales		**(1,665,151)**	(1,453,580)
GROSS PROFIT		**308,049**	259,354
Other income and gains		**20,258**	16,643
Selling and distribution expenses		**(5,274)**	(4,804)
Administrative expenses		**(95,478)**	(93,650)
Loss on disposal of an investment property		**(1,844)**	–
Fair value (losses)/gains on investment properties		**(415)**	206
Impairment losses on financial assets, net		**(58,326)**	(17,214)
Finance costs		**(5,692)**	(7,279)
Other expenses		**(2,089)**	(1,843)
Share of profits and losses of:			
Associates		**175**	(1,257)
Joint ventures		**751**	627
PROFIT BEFORE TAX		**160,115**	150,783
Income tax expense	*5*	**(36,559)**	(38,180)
PROFIT FOR THE YEAR		**123,556**	112,603
Profit attributable to:			
Owners of the parent		**116,819**	106,734
Non-controlling interests		**6,737**	5,869
		123,556	112,603
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic *(RMB)*		**0.44**	0.40
Diluted *(RMB)*		**0.44**	0.40

	2023 *RMB'000*	2022 *RMB'000*
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Income tax relating to disposal of revaluated investment property that will not be reclassified	**288**	–
Exchange differences on translation of foreign operations	**10**	1,540
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**298**	1,540
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**298**	1,540
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**123,854**	114,143
Total comprehensive income attributable to:		
Owners of the parent	**117,117**	108,274
Non-controlling interests	**6,737**	5,869
	123,854	114,143

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	**2023** **RMB'000**	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**93,299**	89,570
Investment properties		**131,039**	50,794
Right-of-use assets		**2,935**	7,762
Goodwill		**27,411**	27,411
Intangible assets		**15,069**	18,732
Investments in associates		**6,871**	5,649
Investments in joint ventures		**3,885**	3,584
Deferred tax assets		**30,976**	14,720
Pledged deposits		**5,196**	1,876
Total non-current assets		**316,681**	220,098
CURRENT ASSETS			
Inventories		**9,761**	10,558
Trade receivables	*8*	**394,732**	342,083
Due from related companies		**166,739**	200,964
Prepayments, deposits and other receivables		**112,651**	100,473
Financial assets at fair value through profit or loss		**26,004**	76,434
Pledged deposits		**2,716**	2,101
Restricted cash		**639**	–
Cash and cash equivalents		**433,444**	292,058
Total current assets		**1,146,686**	1,024,671

	Notes	2023 RMB'000	2022 RMB'000
CURRENT LIABILITIES			
Trade payables	*9*	**108,534**	75,404
Other payables, deposits received and accruals		**291,574**	287,983
Contract liabilities		**392,218**	338,194
Due to related companies		**7,950**	13,146
Interest-bearing bank and other borrowings		**64,569**	112,066
Lease liabilities		**17,798**	7,822
Tax payable		**35,830**	20,682
Total current liabilities		**918,473**	855,297
NET CURRENT ASSETS		**228,213**	169,374
TOTAL ASSETS LESS CURRENT LIABILITIES		**544,894**	389,472
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**245**	6,480
Lease liabilities		**41,012**	8,987
Deferred tax liabilities		**7,103**	9,029
Total non-current liabilities		**48,360**	24,496
NET ASSETS		**496,534**	364,976
EQUITY			
Equity attributable to owners of the parent			
Share capital	*10*	**2,387**	2,387
Reserves		**440,645**	322,300
		443,032	324,687
Non-controlling interests		**53,502**	40,289
TOTAL EQUITY		**496,534**	364,976

NOTES TO FINANCIAL STATEMENTS

31 December 2023

1. CORPORATE AND GROUP INFORMATION

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

The Company is an investment holding company. During the year ended 31 December 2023, the subsidiaries now comprising the Group were involved in the provision of property management services and value-added services.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

3. 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	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The adoption of the new and revised standards has no significant financial effect to the Group's financial performance and position.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	**1,965,085**	1,708,966
Revenue from other sources		
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	**8,115**	3,968
	1,973,200	1,712,934

Revenue from contracts with customers

Disaggregated revenue information:

	2023	2022
	RMB'000	*RMB'000*
Types of goods or services		
Property management services	**1,536,723**	1,368,638
Value-added services	**428,362**	340,328
Total revenue from contracts with customers	**1,965,085**	1,708,966
Timing of revenue recognition		
Recognised over time	**1,758,937**	1,608,447
Recognised at a point in time	**206,148**	100,519
Total revenue from contracts with customers	**1,965,085**	1,708,966

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	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Property management services	**312,669**	280,708
Value-added services	**25,525**	13,628

5. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits arising in Hong Kong for the year ended 31 December 2023.

PRC corporate income tax has been provided at the rate of 25% on the taxable profits of the Group's PRC subsidiaries for the year. Some subsidiaries are qualified as small low-profit enterprises and thus the first RMB1,000,000 (2022: RMB1,000,000) of assessable profits of these subsidiaries are taxed at 5% (2022: 2.5%) and the remaining assessable profits are taxed at 5% (2022: 5%) for the year.

	2023	2022
	RMB'000	*RMB'000*
Current tax:		
PRC corporate income tax	**54,453**	43,663
Deferred tax	**(17,894)**	(5,483)
Total tax charge for the year	**36,559**	38,180

6. DIVIDENDS

	2023	2022
	RMB'000	*RMB'000*
Special – HKD 0.124 (2022: Nil) per ordinary share	**30,020**	–

The special dividend will be paid in cash on or about Tuesday, 30 April 2024.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

7. 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 267,152,000 (2022: 267,152,000).

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2023 (2022: Nil) in respect of a dilution as the impact of the share option outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

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

	2023	2022
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**116,819**	106,734

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**267,152,000**	267,152,000

8. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**442,734**	376,286
Impairment	**(48,002)**	(34,203)
	394,732	342,083

Trade receivables arise from the provision of property management services and value-added services. Property management service income from properties managed under a lump sum basis is received in accordance with the terms of the relevant property management service agreements and they are due for payment by the residents upon the issuance of demand notes by the Group. Income from the provision of repair and maintenance and other equipment upgrade services is received in accordance with the terms of the relevant contract agreements, normally within 60 days from the issuance of payment requests. Other value-added service income is due for payment upon the issuance of demand notes.

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

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

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**366,089**	317,150
Over 1 year and within 2 years	**19,716**	19,095
Over 2 years and within 3 years	**8,927**	5,838
	394,732	342,083

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

	2023	2022
	RMB'000	*RMB'000*
At beginning of the year	**34,203**	22,014
Impairment losses	**13,799**	12,189
At end of the year	**48,002**	34,203

9. **TRADE PAYABLES**

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

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**105,951**	72,793
Over 1 year	**2,583**	2,611
	108,534	75,404

The trade payables are interest-free and are normally settled on terms of 60 to 90 days.

10. **SHARE CAPITAL**

	2023	2022
	HK$'000	*HK$'000*
Authorised:		
2,000,000,000 (2022: 2,000,000,000) ordinary shares of HK$0.01 each	**20,000**	20,000

	2023	2022
	RMB'000	*RMB'000*
Issued and fully paid:		
267,152,000 (2022: 267,152,000) ordinary shares of HK$0.01 each	**2,387**	2,387

CHAIRMAN'S STATEMENT

In 2023, China's economy continued to see a complex and fickle environment in its own territory and globally. Against the backdrop of slower growth round the globe, the Chinese government continued to implement aggressive fiscal policies and prudent monetary policies in an attempt to stabilise economic growth, while investing more in infrastructure. On another note, it has provided fresh impetus to the market in hopes to spur productivity through a mix of measures such as tax and fee cuts and a hefty of supportive measures to SMEs. The property management sector continued to see steady growth with the support of the government. Along with accelerated urbanization and improved living standards, we have witnessed growing demand for high-quality property services. At the same time, a highly competitive landscape has prompted the need for more innovative technology and services for higher quality of services and efficiency. In particular, digitalisation has been a key trend in the development of the sector, with peers adopting digitalised management systems and IoT technologies one after another in pursuit of a brand new model of services and management.

On the front of the Hong Kong stock market, listed property management players performed quite stable in general over 2023. Despite volatility for some players amid poor macroeconomic outlook and market sentiment, fundamentals remained strong for the sector in the long run. Property management companies capable of providing differentiated services, solid customer base and sound financial position remained attractive. With players now starting to compete for the definite share already identified in a reshuffled environment, those survived being able to adapt to the new landscape will be favoured.

Today, the scope of property management has extended to areas involving people's daily lives, such as elderly care community, childcare, reconstruction of old residential areas, and also other non-community based urban and other handy services, well beyond the knowledge of the management of the traditional residential or public areas. The call for modern multi-functional property management services is putting weight on the players' operational capabilities. Only the most reliable and boldest player who dares to step out of its comfort zone will be able to gain a bigger slice in the market.

After over two decades of development, through non-stop innovation and business expansion, Yincheng Life Service has achieved steady growth and unmatched performance without compromising its faith. Since 2022, the Group has shifted from an area-based model to revenue-driven model, a flight from quality over quantity. With that in mind, we focused more on input-output ratio, in particular a healthier cash flow, instead of growth rate or profit alone. Under this methodology, we have succeeded in closely monitoring market changes and customer needs, improving quality of services and efficiency on an on-going basis, encouraging interaction and communication with customers, and promoting user satisfaction. In terms of digitalization, we have introduced a variety of advanced technology and management system in hopes of improving efficiency and standard of services, and providing customers with a more convenient, safe and cosy living environment.

On the front of property services, the Group adheres to independent development, firmly takes the approach of marketization and regional focus, sticks to quality and customers as the cornerstone, and adheres to "Reputation Comes First, Operation is Key" motto. In terms of urban services, the Group has established and cropped some progress from wholly-owned subsidiaries engaging in the new energy vehicle charging, urban comprehensive parking, e-hailing new energy car rental, and one-stop urban electric bicycle charging, battery exchange, rental and sales, and sports businesses, striving to establish an edge in each of the many branches of property services through the incubation of new brand names.

Looking forward, we are expecting challenges ahead amid uncertainties over economic outlook, competitive landscape and customer expectation, where only the best could survive. However, I am confident in our management team who is able to find ways to get everything sorted, big or small, directly or indirectly, and who will, as always, continue to steer the Group in overcoming difficulties, securing healthy growth, and looking ahead to become a century-old name trusted, respected and growing together with our customers.

Chairman
XIE Chenguang

PRESIDENT'S STATEMENT

Dear Board of Directors and Shareholders,

On behalf of the management, I am pleased to present the financial and business report of Yincheng Life Service CO., Ltd. for the financial year ended 31 December 2023 (the "**Period Under Review**") and share the outlook for the coming year with you.

Since 2023, China has rolled out various policies related to household services, household expenditure, improving the standard and quality of property services, aiming at creating a better living environment for residents. The State Council has promulgated 26 measures for "Silver Economy" to encourage property management companies to provide elderly catering and home care services. All these means that the government has positioned property management industry as a crucial pillar in community management that directly impacts people's livelihoods and has provided strong policy support.

After the turmoil over the past two to three years, property management companies have gradually shifted their focus from "real estate" back to "service consumption", and the importance of expanding residential and non-residential portfolios has become more prominent. In fact, the property services industry is one of the areas least affected by economic cycle and development cycle within the entire real estate industry cycle, which is the most stable and promising sector. As a property management company with over 20 years of experience, Yincheng Life Service has already focus on expanding its business in the existing market at very early stage, and has always adhered to the our core moto of "focus on long-term", "service oriented" and "Reputation Comes First, Operation is Key". During the Period Under Review, as high as 98% of the Group's revenue was acquired from third-party developers, solidifying our position of "second-hand property operation expert".

Stable growth in revenue, bring fruitful returns to Shareholders

This year is the final year of the Group's 2021-2023 three-year plan. We have seen tremendous changes in China's property management market during the past three years, fortunately, the Group has been able to live up to the trust of our Shareholders and maintain stable growth in both revenue and profit, which is not easy to achieve in such challenging time. Starting from 2023, although the business scale of the Group is still expanding, we have slowed down the pace to review the meaning and efficiency of each square metre. We adjusted our focus from the increase in GFA to the growth of revenue, as such we no longer publish data on GFA under management of our projects.

During the Period Under Review, the Group recorded a revenue of approximately RMB1,973.2 million, representing a year-on-year increase of 15.2%, the net profit of the Company was approximately RMB123.6 million, representing a year-on-year increase of 9.8%. Among which, revenue generated from the provision of property management services amounted to RMB1,536.7 million, while revenue generated from the provision of value-added services amounted to RMB428.4 million, accounting for 77.9% and 21.7% of the total revenue, respectively. The total number of projects under management of the Group surpassed the 1,000 mark during the year and reached 1,057 as at 31 December 2023.

The Group's staff cost has increased as a result of, among others, the multiple increases in the minimum wage level and social security contribution base in Jiangsu Province in the past two years, the establishment of its own company to gradually replace the original cleaning outsourcing model. But with various effective measures we have taken to reduce cost and increase efficiency, including improving the informationisation level, integrating staff and positions to control administration expenses, and optimising asset/liability structure to reduce finance expenses, the Group's gross profit margin and net profit margin were maintained at a reasonable level. During the Period Under Review, the Group's gross profit margin reached 15.6%, representing a year-on-year increase of 0.5 percentage point, while the net profit margin after deducting the bad debt element of the amount due from related companies was 7.9%, representing a year-on-year increase of 1.1 percentage points, and the management fee rate was further reduced to 5.1%, which was the benchmark level in the industry.

During the Period Under Review, earnings per share of the Group was RMB0.44, representing a year-on-year increase of approximately 10.0%. As at 31 December 2023, the net asset per share amounted to RMB1.86, representing a year-on-year increase of 36.5%. As at 31 December 2023, the cash and cash equivalent of the Group was RMB433.4 million, representing a year-on-year increase of 48.4%. Taking into account the continued positive operating conditions, sufficient cash flow and other factors, the Board convened a Board meeting in February 2024 and declared the payment of a special dividend of HK$0.124 per share to reward the Shareholders for their long term support.

Secure the first growth curve, focusing on steady growth in property management services

Basic property management services is the first growth curve for property management companies. The operation of every project under management has been recognised and recommended by the owners, which is the foundation for the Group to achieve its two-pronged development strategy of "keep existing clients" and "gain new clients". During the Period under Review, revenue from residential properties of the Group was RMB758.2 million, representing a year-on-year increase of approximately 15.9%. The renewal rate of the Group's existing customers remained at a high level of 90%, reflecting our strong ability to retain clients. The overall customer satisfaction rate was approximately 89%, the collection rate for management fee payable of residential property customers was approximately 90%, while the prepayment rate (i.e., the management fee for next year is paid in advance in the current year) was even as high as approximately 47%. These key operational indicators show that the Group has gained a high degree of trust from existing customers which are willing to maintain a long-term partnership with us.

During the Period Under Review, the Group's revenue contribution from non-residential projects accounted for approximately 50.7%, the number of projects under management increased by nearly 11.5%, and the total annualised contract amount reached approximately RMB800 million. We have repeatedly won high-quality new projects, including Jinling Library, China National Tobacco Corporation Jiangsu Branch, Yixing People's Hospital, etc. Currently, the Group has provided services for 11 major categories of non-residential projects, including more than 40 projects under management in each of the categories of medical care, industrial parks, transportation facilities, government facilities, and financial institutions, etc., with rich experience accumulated, which will help us stand out in bidding for similar types of projects.

As mentioned above, the battlefield of "gain new clients" has been transformed into competition in the existing market, and the entry of a large number of players has led to increasingly fierce competition, and even disordered and irrational competition that shall not happen between enterprises. Although this has had a certain impact on the Group's external expansion, with our good reputation, excellent management and operation capabilities, as well as reasonable prices, we have still won the favor of high-quality customers and successively obtained a number of promising projects. During the Period Under Review, the Group acquired 159 new projects under management, representing 15% of the number of total projects. As at 31 December 2023, there were 18 projects contracted yet to be managed. This motivates us to identify our own advantages, improve our weaknesses and develop our business with determination in the chaotic market.

We are pleased to see that as the central government as well as provincial and municipal governments have promulgated provisions to promote the formation of property owners' committees, and even explicitly stipulated the establishment objectives of property owners' committees, the number of property owners' associations and the management level of residential properties are gradually improving. We believe that in this broader market, the Group is able to leverage its first-mover advantage and work with more customers to set the benchmarks for high-quality property management.

Create the second growth curve, expediate service innovation

Value-added services is the second growth curve for property management company. Beside strengthening the first growth curve, the Group has been striving to create a second growth curve which grow faster and of higher quality in recent years. This two-pronged approach will push the Group to a new level.

Starting from "Gathering Love and Good Deeds", the Group aims to enhance customer satisfaction and happiness at the core. The Group always adheres to providing customers with various value-added services that are in rigid demand, with high frequency, large volume and sustainability. The service radius is extended from the community to urban street corners. The Group owns a number of subsidiaries and brands, covering professional services, life services and urban services.

The Group's professional services are provided under four brands, namely Jingdian Technology（京電科技）, Xianhe Landscape（先禾園林）, Cenze Engineering（燦澤工程）and Meihe Environmental Technology（美禾環境）, the business of which covers elevator installation and maintenance, landscape design and maintenance, facilities and equipment repair and maintenance, environment sanitation, etc. The professional services subsidiaries can reduce costs and enhance efficiency internally and bring more external revenue, which are the Group's powerful assistants that we built over the years. During the Period Under Review, the four professional service subsidiaries contributed a total external income of approximately RMB51.3 million, representing a year-on-year increase of 36.8%.

The Group's lifestyle services cover all the needs of residential and non-residential customers, including sports and fitness, home care for the elderly, housekeeping, home decoration, infant and child care services, house rental, group meals, conference reception, etc. Our over 700living service consultants are always at the forefront to hear and respond to customer's needs, driving the Group to continuously improve our service quality. During the Period Under Review, the total revenue from value-added services of the Group increased by 25.9% on a year-on-year basis, with a gross profit margin of 34.0%.

Although the Group's urban services have only been in operation for two to three years, they have developed rapidly. Currently, our services have already covered new energy vehicle charging, urban comprehensive parking, e-hailing new energy car rental, and one-stop electric bicycle charging, battery exchange, rental and sales. The Group is the exclusive dealer for ZL Battery Swap (這鋰換電) brand in more than ten cities, including Nanjing and Suzhou, and has become the leader in battery charging and swapping in these cities in just a short period of time. Our ZL Battery Swap business is now serving more than 21,370 registered riders, and has contributed approximately RMB50.6 million of revenue during the Period Under Review, representing a year-on-year increase of 45.8%. The Group's new energy vehicle charging business is operated under the brand name of "Big Zebra (大斑馬)". Since its establishment in mid-2022, Big Zebra has built 15 commercial DC charging stations for urban operating vehicles and 130 property AC charging stations for community network. Big Zebra has contributed approximately RMB19.3 million of revenue to us during the Period Under Review, representing a year-on-year increase of 532.8%.

Our Groups adopts a mass coverage strategy, leveraging the high density of our managed projects, we can take full advantage of resources sharing, improve efficiency and achieve synergy. The two growth curves complement each other and are on the growth, making us more confident in exploring and leading new development models in the property management industry.

Conclusion and outlook

Although the difficulties we faced in 2023 are yet to be solved, this will not affect the Group's determination in adhering to the market-oriented approach and the concept of longtermism. Moreover, our management team has built up resilience and came together to overcome difficulties. In terms of business, while ensuring the stable development of our basic business, we have actively explored businesses with potential and further develop advantageous projects. In terms of finance, we have strived to improve profitability and cash flow levels by reducing costs and increasing efficiency. For corporate governance, we have improved management quality by adjusting shareholder structure and Board structure. For internal management, the Group has managed to maintain a stable talent team through an established training, promotion and incentive system. With the above effort, the Group has achieved relatively satisfactory results.

Looking forward to 2024, the Group will continue to innovate and strive to maintain steady growth in both revenue and profit in the new three-year plan. In the face of the ever-changing market environment, we will maintain our edge and seize the momentum, explore driver for sustained organic growth, and strive to become a respected and vibrant enterprise in the industry in a practical and step-by-step manner.

President
LI Chunling

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is an established property management service provider in the PRC with over 26 years of industry experience that engages in the provision of diversified property management services and value-added services. As at 31 December 2023, the Group's property management services covered 25 PRC cities, of which 20 cities are in the Yangtze River Delta Megalopolis. The Group managed 1,057 properties, including 640 residential properties and 417 non-residential properties, serving over 600,000 households which covers over 1.9 million people as at 31 December 2023.

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

Leveraging on the Group's business scale, operational efficiency, excellent service quality, development potential and social responsibility, the Group obtained various awards in 2023 including ranking the 16th among the China Top 100 Property Management Companies*（中國物業服務百強企業）, ranking the 2nd among the Top 50 Property Management Companies of Jiangsu Province（江蘇省物業服務行業綜合實力五十強企業）and ranking the 2nd in the Nanjing Property Management Industry Credit Handbook Directory（南京市物業管理行業信用手冊名錄）. It is also worth mentioning that Nanjing Huiren HengAn Property Management Co., Ltd.*（南京匯仁恆安物業管理有限公司）, a subsidiary of the Group which principally engages in the provision of property management services to hospitals, is also on the list of the China Top 100 Property Management Companies*（中國物業服務百強企業）.

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

Property Management Services

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

Geographic Coverage

The Group has grown from a local property management service provider in Nanjing to one of the leading property management service providers in both Nanjing and the Jiangsu Province. The Group has actively expanded its business to cities outside Nanjing in recent years and have made a great progress. As at 31 December 2023, the revenue generated from districts outside Nanjing had an increase by approximately 18.6%, reaching approximately 29.3% of the Group's total revenue from the provision of property management services.

The table below sets out the breakdown of the Group's managed properties by geographic region as at the dates indicated:

	As at 31 December		
	2022	**2023**	
	Number of managed properties	**Number of managed properties**	***Increase***
			%
Nanjing	742	787	*6.1*
Districts outside Nanjing	232	270	*16.4*
Total	**974**	**1,057**	*8.5*

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

	For the year ended 31 December		
	2022	**2023**	
	RMB'000	*RMB'000*	*Increase*
Nanjing	988,590	1,085,801	9.8%
%	72.2	70.7	
Districts outside Nanjing	380,048	450,922	18.6%
%	27.8	29.3	
Total	**1,368,638**	**1,536,723**	12.3%

Types of Property Management Services

The Group provides property management services in respect of both residential and non-residential properties. As at 31 December 2023, the non-residential properties managed by the Group comprised 11 types of properties, namely government facilities, financial institutions, property sales offices, medical institutions, commercial complex, parks, transportation facilities, industrial parks, mixed-use properties, schools and office buildings.

While the provision of property management services in respect of residential properties is the foundation of the Group's revenue generation and scale expansion, the Group is actively seeking to improve its brand awareness in the non-residential sector by diversifying its services offerings to include other types of non-residential properties, optimising its project portfolio and adjusting its business structure. The Group's provision of property management services in respect of non-residential properties has grown stably and reached 417 projects as at 31 December 2023, representing an increase of approximately 11.5% year-on-year.

The table below sets out the breakdown of the number of the Group's managed properties by property types as at the dates indicated:

	As at 31 December		
	2022	**2023**	
	Number of managed properties	**Number of managed properties**	***Increase***
			%
Residential properties	600	640	*6.7*
Non-residential properties	374	417	*11.5*
Total	**974**	**1,057**	*8.5*

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

	For the year ended 31 December				
	2022		**2023**		
	Revenue	**Gross profit margin**	**Revenue**	***Increase***	**Gross profit margin**
	RMB'000	*%*	*RMB'000*	*%*	*%*
Residential properties	654,209	5.6	758,187	*15.9*	6.4
%	*47.8*		*49.3*		
Non-residential properties	714,429	12.9	778,536	*9.0*	13.7
%	*52.2*		*50.7*		
Total	**1,368,638**	**9.4**	**1,536,723**	*12.3*	**10.1**

Revenue Model

For the year ended 31 December 2023, all of the Group's property management fees were charged on a lump sum basis.

Project Sources

The Group is known for its market-oriented model and has strong external expansion capabilities. As at 31 December 2023, over 97% of the Group's projects were obtained from the market, either from property owners associations or independent third party property developers. At the same time, the Group has also been providing property management services to Yincheng International Holding Co., Ltd. and Yincheng Real Estate Group Co., Ltd. and each of their subsidiaries (collectively, "**Yincheng Group**").

The table below sets out the breakdown of the number of the Group's managed properties by project sources as at the dates indicated:

	As at 31 December		
	2022	2023	
	Number	Number	*Increase*
			%
Projects from independent third parties	942	1,023	*8.6*
Projects from Yincheng Group	32	34	*6.3*
Total	974	1,057	*8.5*

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

	For the year ended 31 December		
	2022	2023	
	Revenue	Revenue	
	RMB'000	*RMB'000*	*Increase/ (Decrease)*
Projects from independent third parties	1,312,071	1,505,479	*14.7%*
%	*95.9*	*98.0*	
Projects from Yincheng Group	56,567	31,244	*(44.8%)*
%	*4.1*	*2.0*	
Total	1,368,638	1,536,723	*12.3%*

Value-added Services

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

The Group's value-added services mainly include (i) common area value-added services; (ii) community convenience services; and (iii) city services. The Group's common area value-added services include rental of advertising space and the provision of management services of the community's common area and spaces. The Group's community convenience services refer to the comprehensive and diversified convenience services provided by the Group in response to the owners' needs, including but not limited to rental of gym and membership services, the use of express delivery cabinets, home renovation, housekeeping, home and elderly care and operation of staff canteens for non-residential properties owners. In recent years, the Group has introduced city services through intensive project deployment to provide services to clients other than residents in communities under management, including charging of electric vehicles and the rider battery swap service. The city services have grown rapidly and increased its revenue contribution to the Group.

For the year ended 31 December 2023, the Group's revenue generated from the provision of value-added services amounted to approximately RMB428.4 million, representing an increase of approximately 25.9% as compared to that of approximately RMB340.3 million for the year ended 31 December 2022. Such increase was mainly attributable to an increase in the number of projects undertaken by the Group and the diversification of the scope of services provided by the Group following its continuous business development.

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

	For the year ended 31 December				
	2022		2023		
	Revenue	Gross profit margin	Revenue	*Increase*	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*%*
Value-added services					
(i) Common area value-added service	216,460	48.0	250,074	*15.5*	43.1
(ii) Community convenience services	86,149	22.0	108,385	*25.8*	27.0
(iii) City services	37,719	10.2	69,903	*85.3*	12.1
Total	**340,328**	**37.2**	**428,362**	*25.9*	**34.0**

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 15.2% from approximately RMB1,712.9 million for the year ended 31 December 2022 to approximately RMB1,973.2 million for the year ended 31 December 2023 as a result of (i) an increase in the number of residential and non-residential projects undertaken by the Group and which led to an increase in the income from the provision of property management services; (ii) the diversification of the scope of value-added services provided by the Group following its continuous business development and hence the continued income contribution in respect thereof.

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

	For the year ended 31 December			
	2022		2023	
	RMB'000	*%*	*RMB'000*	*%*
Property management services	1,368,638	79.90	1,536,723	77.9
Value-added services	340,328	19.87	428,362	21.7
Gross rental income from investment property	3,968	0.23	8,115	0.40
Total	**1,712,934**	**100.00**	**1,973,200**	**100.00**

Revenue from the provision of property management services increased by approximately 12.3% from approximately RMB1,368.6 million for the year ended 31 December 2022 to approximately RMB1,536.7 million for the year ended 31 December 2023. Such increase was primarily due to the continuous increase in the number of projects undertaken by the Group.

Revenue from the provision of value-added services increased by approximately 25.9% from approximately RMB340.3 million for the year ended 31 December 2022 to approximately RMB428.4 million for the year ended 31 December 2023. Such increase was primarily due to (i) an increase of the number of projects under management; (ii) more value-added services provided to the projects under management as a result of optimisation of the property management environment; and (iii) the diversification of the scope of city-level value added services provided by the Group such as the provision of rider battery swap services and electric vehicles charging services.

Cost of Sales

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

The Group's cost of sales increased by approximately 14.6% from approximately RMB1,453.6 million for the year ended 31 December 2022 to approximately RMB1,665.2 million for the year ended 31 December 2023, primarily due to an increase in the number of staff as a result of the expansion of the Group's business.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit increased by approximately 18.7% from approximately RMB259.4 million for the year ended 31 December 2022 to approximately RMB308.0 million for the year ended 31 December 2023. The gross profit margin increased from approximately 15.1% for the year ended 31 December 2022 to approximately 15.6% for the year ended 31 December 2023. The Group's gross profit margin has increased due to the various effective measures the Group has taken to reduce cost and increase efficiency, including improving the informationisation level, integrating staff and positions to control staff costs.

Other Income and Gains

The Group's other income and gains mainly represents interests income, investment income, government grants, gain on disposal of a subsidiary, fair value gains on financial assets at fair value through profit or loss and others.

The Group's other income and gains increased by approximately 21.7% from approximately RMB16.6 million for the year ended 31 December 2022 to approximately RMB20.3 million for the year ended 31 December 2023, primarily due to the receipt of tax subsidy from the government and gain on disposal of a subsidiary.

Selling and Distribution Expenses

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

The Group's selling and distribution expenses increased by approximately 10.4% from approximately RMB4.8 million for the year ended 31 December 2022 to approximately RMB5.3 million for the year ended 31 December 2023, primarily due to the increasing of market expansion.

Administrative Expenses

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

The Group's administrative expenses remained relatively stable at approximately RMB95.5 million for the year ended 31 December 2023 (2022: RMB93.7 million).

Impairment Losses on Financial Assets, Net

The Group's net impairment losses on financial assets increased by approximately 239.0% from approximately RMB17.2 million for the year ended 31 December 2022 to approximately RMB58.3 million for the year ended 31 December 2023, primarily due to an increase of the impairment of trade receivables and due from related companies of the Group.

Finance Costs

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

The Group's finance costs decreased by approximately 21.9% from approximately RMB7.3 million for the year ended 31 December 2022 to approximately RMB5.7 million for the year ended 31 December 2023, primarily due to the repayment of bank and other borrowings of approximately RMB53.7 million.

Income Tax Expense

The Group's income tax refers to PRC enterprises income tax at a tax rate of 25% on taxable profits of its subsidiaries incorporated in the PRC. Some subsidiaries of the Group are qualified as small-low-profit enterprises and thus are subject to a preferential tax rate of 2.5% to 5% for the year ended 31 December 2023.

The Group's income tax expense remained relatively stable at approximately RMB36.6 million for the year ended 31 December 2023 (2022: RMB38.2 million).

Profit for the Year

As a result of the foregoing, the Group's profit increased by approximately 9.8% from approximately RMB112.6 million for the year ended 31 December 2022 to approximately RMB123.6 million for the year ended 31 December 2023. Profits attributable to owners of the Company for the year ended 31 December 2023 amounted to approximately RMB116.8 million, representing an increase of approximately 9.5% as compared to the corresponding period in 2022. The net profit margin was approximately 6.3% for the year ended 31 December 2023, down 0.3 percentage points from approximately 6.6% in the corresponding period in 2022. While the net profit margin decreased slightly, it was still at a normal level. The decrease is due to the increase of impairment losses on financial assets.

Liquidity, Reserves and Capital Structure

The Group adopts a prudent funding and treasury policy and maintained a healthy financial position during the year ended 31 December 2023. The Group's current assets amounted to approximately RMB1,146.7 million as at 31 December 2023, representing an increase of approximately 11.9% as compared to that of approximately RMB1,024.7 million as at 31 December 2022. The Group's cash and cash equivalents amounted to approximately RMB433.4 million as at 31 December 2023, representing an increase of approximately 48.4% as compared to that of RMB292.1 million as at 31 December 2022, primarily due to (i) net cash flows from operating activities of approximately RMB199.5 million; and (ii) repayment of bank and other borrowings of approximately RMB53.7 million.

The Group's total equity amounted to approximately RMB496.5 million as at 31 December 2023, representing an increase of approximately 36.0% as compared to that of approximately RMB365.0 million as at 31 December 2022. Such increase was mainly due to an increase in the profit of approximately RMB123.6 million during the year.

Property, Plant and Equipment

The Group's property, plant and equipment amounted to approximately RMB93.3 million as at 31 December 2023, representing an increase of approximately 4.1% as compared to that of approximately RMB89.6 million as at 31 December 2022. This was primarily due to the increase of office equipment, electronic and other devices purchased during the year.

Trade Receivables

The Group's trade receivables primarily consist of receivables for its property management services and value-added services from its customers. The Group's trade receivables amounted to approximately RMB394.7 million as at 31 December 2023, representing an increase of approximately 15.4% as compared to that of approximately RMB342.1 million as at 31 December 2022. This was primarily due to (i) the increase in the Group's revenue in 2023; and (ii) the combined effect of the increase of the Group's non-residential properties projects, and the usual practice of non-residential properties customers paying property management fee once per quarter.

Prepayments, Deposits and Other Receivables

The Group's prepayments, deposits and other receivables amounted to approximately RMB112.7 million as at 31 December 2023, representing an increase of approximately 12.1% as compared to that of approximately RMB100.5 million as at 31 December 2022. This was mainly due to an increase in deposits and other receivables including bid bond and performance bond as a result of an increase in the number of property management projects undertaken by the Group.

Due from Related Companies

The Group recorded due from related companies of approximately RMB166.7 million as at 31 December 2023, representing a decrease of approximately 17.1% as compared to that of approximately RMB201.0 million as at 31 December 2022. The decrease was primarily due to the increase of impairment losses of approximately RMB44.3 million.

Trade Payables

The Group's trade payables primarily consist of payables to suppliers and subcontractors. The Group's trade payables amounted to approximately RMB108.5 million as at 31 December 2023, representing an increase of approximately 43.9% as compared to that of approximately RMB75.4 million as at 31 December 2022. This was mainly due to an increase in the number of property management projects undertaken by the Group and thus more supplier and subcontractor services were needed.

Other Payables, Deposits Received and Accruals

The Group's other payables, deposits received and accruals amounted to approximately RMB291.6 million as at 31 December 2023, remaining relatively stable as compared to that of approximately RMB288.0 million as at 31 December 2022.

Contract Liabilities

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

The Group's contract liabilities amounted to approximately RMB392.2 million as at 31 December 2023, representing an increase of approximately 16.0% as compared to that of approximately RMB338.2 million as at 31 December 2022. This was mainly due to the Group's practice of collecting part of the property management fees for the upcoming year in advance during the previous year, and therefore, the increase in the scale of the Group's projects has led to an increase in the amount of property management fees received in advance.

Borrowings

As at 31 December 2023, the Group had interest-bearing bank and other borrowings of RMB64.8 million, as compared to RMB118.5 million as at 31 December 2022. The Group's borrowings are all denominated in RMB.

The table below sets out the Group's total borrowings and effective interest rates as at the dates indicated:

	As at 31 December			
	2023 *RMB'000*	**Effective interest rate (%)**	2022 *RMB'000*	Effective interest rate (%)
Current:				
Bank loans – secured	**59,000**	**3.60-4.35**	105,000	4.35
Other borrowings – secured	**5,569**	**6.08-7.67**	7,066	6.08-7.67
Non-current				
Other borrowings – secured	**245**	**6.08**	6,480	6.08-7.67
Total	**64,814**		118,546	

The table below sets out the repayment schedule of the Group's borrowings as at the dates indicated:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Repayable within one year	**64,569**	112,066
Repayable in the second year	**245**	6,235
Repayable in the third to fifth years, inclusive	**–**	245
	64,814	118,546

Financial Risks

The Group is exposed to risks arising from its financial instruments such as interest rate risk, credit risk and liquidity risk.

Interest Rate Risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings.

The Group does not use derivative financial instruments to hedge interest rate risk, and obtains all bank borrowings with a fixed rate.

Credit Risk

The Group classifies financial instruments on the basis of shared credit risk characteristics, such as instrument types and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment.

The carrying amounts of cash and cash equivalents, the fair values of pledged deposits, trade receivables, financial assets included in prepayments, deposits and other receivables, and amounts due from related companies included in the statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets as at 31 December 2023.

As at 31 December 2023, all cash and cash equivalents were deposited in high-credit-quality financial institutions without significant credit risk.

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

Foreign Exchange Risk

As all of the Group's businesses are conducted in the PRC, revenue and profits for the year ended 31 December 2023 were denominated in RMB. As at 31 December 2023, the Group did not have significant foreign currency exposure from its operations. The Group currently has not used derivative financial instruments to hedge its foreign exchange risk. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Gearing Ratio

The Group's gearing ratio is calculated based on net debt divided by total capital plus net debt. The Group includes, within net debt, interest-bearing bank and other borrowings amounts due to related companies and lease liabilities, less cash and cash equivalents. The Group's capital represents equity attributable to owners of the Company. As at 31 December 2023, the Group's gearing ratio was not applicable.

Pledge of Assets

As at 31 December 2023, the Group's bank and other borrowings were secured by: (i) certain of the Group's buildings with a net carrying amount of approximately RMB21.5 million; (ii) certain of the Group's office equipment, electronic and other devices with a net carrying amount of approximately RMB8.5 million; (iii) the Group's investment properties with an aggregate carrying amount of approximately RMB25.4 million; (iv) the Group's right of receipt of property management fee and new energy vehicle station charging fee managed by the Group in the future; and (v) a mortgage over the entire issued share capital of Nanjing Zhihui Meijia Technology Service Co., Ltd.*（南京智慧美佳科技服務有限公司）, an indirect wholly-owned subsidiary of the Company.

Save as disclosed above, the Company had no other pledged assets as at 31 December 2023.

Contingent Liabilities

The Group had no material contingent liabilities or guarantees as at 31 December 2023.

Significant Investments Held

Save as disclosed in this announcement, the Group did not hold any significant investment during the year ended 31 December 2023.

Employees and Remuneration Policies

As at 31 December 2023, the Group had a total of 11,270 employees (2022: 9,166 employees). The Group offers employees competitive remuneration packages that include fees, salaries, allowances and benefits in kind, bonuses and pension scheme contribution, equity-settled and share option scheme and social welfare. The Group contributes to social insurance for its employees, including medical insurance, work-related injury insurance, retirement insurance, maternity insurance, unemployment insurance and housing funds.

Future Plans for Material Investments and Capital Assets

The Group will continue to focus on its existing property management services and value-added services. Save as disclosed in the Prospectus, no concrete plan for future investment is in place as at the date of this announcement.

Material Acquisition and Disposal

During the year ended 31 December 2023 and up to the date of this announcement, the Group did not perform any material acquisition or disposal of subsidiaries and associates.

Subsequent Events

On 22 February 2024, having considered the business, financial and cashflow position of the Group, the Board resolved the declaration and payment of a special dividend (the "**Special Dividend**") at HK$0.124 per ordinary share of the Company. It is expected that the Special Dividend will be paid in cash on or about Tuesday, 30 April 2024 to the shareholders whose names appear on the register of members of the Company on Tuesday, 16 April 2024.

Save as disclosed above, the Directors are not aware of any material events undertaken by the Group subsequent to 31 December 2023 and up to the date of this announcement.

USE OF PROCEEDS FROM THE LISTING

The Company was successfully listed on the Main Board of the Stock Exchange on 6 November 2019 with the issue of 66,680,000 new shares. The total net proceeds (the "**Net Proceeds**") from the listing of the shares of the Company on the Main Board of the Stock Exchange (including the exercise of the Over-allotment Option (as defined in the prospectus of the Company dated 25 October 2019 (the "**Prospectus**")) amounted to approximately HK$131.4 million after deducting the underwriting fees and commissions and other expenses in connection with the Global Offering (as defined in the Prospectus). As at 31 December 2023, all of the Net Proceeds have been used.

The following sets forth a summary of the utilisation of the Net Proceeds:

	Net Proceeds utilised from the date of the Listing up to 31 December 2022	**Net Proceeds utilised for the year ended 31 December 2023**	**Remaining Net Proceeds as at 31 December 2023**
	HK$'000	*HK$'000*	*HK$'000*
Continue to expand the Group's business by mergers and acquisitions or investments in order to expand its market shares in the property management service industry in the PRC	40,261	–	–
Invest in intelligent systems to improve the Group's service quality and enhance its customers' experience	19,713	–	–
Upgrade the Group's internal information technology system to enhance operational efficiency	13,142	–	–
Continue to recruit more technical and managerial talents and, at the same time, provide training to the Group's employees for the expansion of its operations	6,571	–	–
General working capital	13,142	38,592	–

OTHER INFORMATION

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

ANNUAL GENERAL MEETING

A notice convening the annual general meeting of the Company (the "**AGM**") will be published as soon as practicable in accordance with the articles of association of the Company and the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The record date and closure of books for the purpose of ascertaining the Shareholders' entitlement to attend and vote at the AGM will be announced in due course.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022 : Nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high corporate governance standards, which are essential in providing a framework for the Group to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules as its own code on corporate governance and will continue to practice the principles of good corporate governance as set out in the CG Code.

During the year ended 31 December 2023, the Company has complied with all applicable code provisions as set out in the CG Code, and will continue to review and enhance its corporate governance practices, and identify and formalise measures and policies to ensure compliance with the CG Code.

COMPLIANCE WITH THE REQUIREMENTS OF RULE 3.10A OF THE LISTING RULES

Rule 3.10A of the Listing Rules requires that an issuer must appoint independent non-executive directors representing at least one-third of the board. Following the appointment of Mr. Yao Ning and Mr. Pan Xiaohu as non-executive Directors on 24 August 2023, the Board had a total of 11 Directors. As the Company had only three independent non-executive Directors as of 24 August 2023, the number of independent non-executive Directors fell below the requirement of having at least one-third of the Board members being represented by independent non-executive Directors. Following the resignation of Mr. Ma Baohua and Mr. Zhu Li as non-executive Directors on 23 November 2023, with three independent non-executive Directors among a total of nine Directors on the Board, the Company has complied with the requirement under Rule 3.10A of the Listing Rules of having at least one-third of the Board represented by independent non-executive Directors. As at the date of this announcement, the Company met the requirement of Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors of at least one-third of the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules and the code for dealing in securities of the Company by the Directors as adopted by the Company (the "**Securities Dealing Code**") as its own codes of conduct governing the Directors. All Directors confirmed, after having made specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code and the Securities Dealing Code for the year ended 31 December 2023 and up to the date of this announcement.

No incident of non-compliance was found by the Company for the year ended 31 December 2023. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

REVIEW OF PRELIMINARY ANNOUNCEMENT BY THE AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee currently comprises two independent non-executive Directors, namely Mr. Chow Siu Hang and Mr. Mao Ning, and a non-executive Director, namely Mr. Xie Chenguang, with Mr. Chow Siu Hang as the chairman of the Audit Committee.

The Audit Committee has reviewed and discussed the annual results for the year ended 31 December 2023. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, Ernst & Young, Certified Public Accountants of Hong Kong ("**Ernst & Young**"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2023. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young in this announcement.

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

The annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.yinchenglife.hk). The annual report will be available on the websites of the Stock Exchange and that of the Company in due course.

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

Nanjing, China
27 March 2024

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

* *for identification purpose only*