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## **Shenghui Cleanness Group Holdings Limited**

**升輝清潔集團控股有限公司**

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

**(Stock Code: 2521)**

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

The board (the “**Board**”) of directors (the “**Directors**”) of Shenghui Cleanness Group Holdings Limited (the “**Company**”) is pleased to present the audited annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2023 together with comparative figures for the corresponding period in 2022 as follows:

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Revenue	4	<b>630,172</b>	594,204
Cost of sales		<u>(536,727)</u>	<u>(499,795)</u>
<b>Gross profit</b>		<b>93,445</b>	94,409
Selling and marketing expenses		<b>(5,148)</b>	(3,983)
General and administrative expenses		<b>(61,099)</b>	(51,060)
Impairment losses on financial assets		<b>(731)</b>	(4,185)
Other income, net	5	<u><b>6,389</b></u>	<u>5,109</u>
<b>Operating profit</b>		<b>32,856</b>	40,290
Finance expenses, net	6	<u>(466)</u>	<u>(422)</u>
<b>Profit before income tax</b>		<b>32,390</b>	39,868
Income tax expenses	7	<u>(4,501)</u>	<u>(5,479)</u>
<b>Profit and total comprehensive income for the year attributable to owners of the Company</b>		<u><b>27,889</b></u>	<u>34,389</u>
<b>Earnings per share attributable to owners of the Company (expressed in RMB cents per share)</b>			
– Basis and diluted	9	<u><b>2.18</b></u>	<u>2.75</u>

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>15,645</b>	14,477
Investment properties		<b>5,981</b>	6,498
Deferred income tax assets		<b>5,075</b>	4,965
Deposits		<b>6,536</b>	4,809
Prepayment for acquisition of plant and equipment		<b>7,250</b>	–
		<b>40,487</b>	30,749
<b>Current assets</b>			
Trade and other receivables and prepayments	<i>10</i>	<b>249,476</b>	228,923
Restricted bank deposits		<b>1,817</b>	1,780
Cash and cash equivalents		<b>148,573</b>	54,722
		<b>399,866</b>	285,425
<b>Total assets</b>		<b>440,353</b>	316,174
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>14,726</b>	–
Reserves		<b>284,092</b>	177,032
<b>Total equity</b>		<b>298,818</b>	177,032
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>6,234</b>	6,524
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>113,699</b>	111,755
Current income tax payables		<b>20,901</b>	20,187
Lease liabilities		<b>701</b>	676
		<b>135,301</b>	132,618
<b>Total liabilities</b>		<b>141,535</b>	139,142
<b>Total equity and liabilities</b>		<b>440,353</b>	316,174

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

Shenghui Cleanness Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 4 January 2021 as an exempted company with limited liability under the Companies Act (Cap. 22, Act 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 5 December 2023. The address of the Company’s registered office is at the office of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (collectively the “**Group**”) are principally engaged in the provision of cleaning and maintenance services in the People’s Republic of China (the “**PRC**”). The controlling shareholders of the Group are Mr. Li Chenghua (“**Mr. Li**”) and Mr. Chen Liming (“**Mr. Chen**”).

The consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand of RMB (“**RMB’000**”) except when otherwise indicated.

## 2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Companies Ordinance Cap. 622. The consolidated financial statements of the Group have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

## 3. CHANGE IN ACCOUNTING POLICY AND DISCLOSURE

### (a) New and amended standards adopted by the Group

The Group has adopted the following amendments to standards and revised accounting guideline which are effective for the Group’s financial year beginning 1 January 2023 and relevant to the Group.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKFRS 17	Insurance Contracts

The adoption of the amendments to standards and revised accounting guideline has no significant impact on the Group’s results and financial position or any substantial changes in Group’s accounting policies.

(b) **New or amended standards and interpretation to existing standards that have been issued but are not effective for the year ended 31 December 2023 and have not been early adopted**

HKICPA has issued the following new or amended standards and interpretation to existing standards which are not yet effective for the year ended 31 December 2023 and have not been early adopted by the Group:

		<b>Effective for the financial year beginning on or after</b>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to HKAS 1 Hong Kong Interpretation 5 (2020)	Non-current Liabilities with Covenants Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contain a Repayment on Demand Clause	1 January 2024 1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKFRS 16	Lease Liabilities in a Sale and Leaseback	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures	To be determined

The Group has already commenced an assessment of the impact of these new or amended standards and interpretation, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors of the Company, no significant impact on the financial performance and position of the Group is expected when they become effective.

#### 4 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the years ended 31 December 2023 and 2022 are as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Revenue from contracts with customers recognised over time</b>		
Cleaning and maintenance services income	<u>630,172</u>	<u>594,204</u>

**5 OTHER INCOME, NET**

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Rental income ( <i>Note i</i> )	<b>3,201</b>	2,917
Value-added tax refund	<b>1,402</b>	2,913
Government grant	<b>136</b>	777
Income from sales of waste collection, net ( <i>Note ii</i> )	<b>2,958</b>	–
Net (losses) from the provision of construction labor services	–	(822)
Donation	<b>(1,250)</b>	(50)
Others	<b>(58)</b>	94
	<b><u>6,389</u></b>	<b><u>5,109</u></b>

*Notes:*

- (i) Rental income arising from the investment properties and the leased shops is recognised on a straight-line basis over the terms of the lease agreements. The rental income arising from the leased car park is recognised over the lease period.
- (ii) Other income of RMB4,744,000 arising from the sales of waste collection was recognised when the good is delivered and the expense of RMB1,786,000 was recognised when it was incurred during the year ended 31 December 2023.

**6 FINANCE INCOME/(EXPENSES), NET**

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Finance income</b>		
Bank interest income	<b>131</b>	153
<b>Finance expenses</b>		
Interest expense on bank borrowings ( <i>Note i</i> )	<b>(185)</b>	(148)
Interest expense on lease liabilities	<b>(412)</b>	(427)
Finance expenses, net	<b>(466)</b>	(422)

*Note:*

- (i) The interest expenses were incurred for the bank borrowings of RMB9,472,000 and RMB10,010,000 which were fully settled during the years ended 31 December 2023 and 2022, respectively.

**7 INCOME TAX EXPENSES**

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Current income tax	<b>4,611</b>	6,108
Deferred income tax	<b>(110)</b>	(629)
	<b>4,501</b>	5,479

**8 DIVIDEND**

No dividend has been paid or declared by the Company during the years ended 31 December 2023 and 2022.

## 9 EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective years. The weighted average number of ordinary shares has been retrospectively adjusted for the effect of the issue of shares in connection with the capitalisation issue of 1,251,249,000 shares which took place on 5 December 2023.

	2023	2022
Profit attributable to owners of the Company ( <i>RMB'000</i> )	27,889	34,389
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	<u>1,278,897</u>	<u>1,251,250</u>
Basic earnings per share ( <i>RMB cents</i> )	<u>2.18</u>	<u>2.75</u>

### (b) Diluted earnings per share

Diluted earnings per share were the same as the basic earnings per share as there were no potentially dilutive ordinary shares outstanding during the years ended 31 December 2023 and 2022.

## 10 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Trade receivables</b>	<b>241,856</b>	220,774
Less: allowance for impairment	<u>(14,004)</u>	<u>(13,273)</u>
	<u>227,852</u>	<u>207,501</u>
<b>Deposits</b>	<b>15,013</b>	14,971
Less: allowance for impairment	<u>(4,214)</u>	<u>(4,214)</u>
	<u>10,799</u>	<u>10,757</u>
Less: deposits – non-current portion	<u>(6,536)</u>	<u>(4,809)</u>
Deposits – current portion	<u>4,263</u>	<u>5,948</u>
<b>Notes receivables</b>	<u>4,447</u>	<u>–</u>
<b>Other receivables</b>		
– Tendering deposits	4,391	3,174
Less: allowance for impairment	<u>(179)</u>	<u>(179)</u>
	4,212	2,995
– Receivables from the provision of construction labor service ( <i>note a</i> )	<u>5,457</u>	<u>6,957</u>
	<u>9,669</u>	<u>9,952</u>
<b>Prepayments on</b>		
– Utilities expenses	1,502	743
– Insurance expenses	1,743	1,170
– Deferred listing expenses ( <i>note b</i> )	<u>–</u>	<u>3,609</u>
	<u>3,245</u>	<u>5,522</u>
Trade and other receivables and prepayment, net	<u><u>249,476</u></u>	<u><u>228,923</u></u>

Notes:

- (a) Balance represented the amounts receivable arising from the provision of construction labor service and the related income was recognised as other income.
- (b) Deferred listing expenses as at 31 December 2022 were incurred in connection with the listing of the Company and has been deducted from equity upon the listing of the Company on 5 December 2023.
- (c) The carrying amounts of trade and other receivables are all denominated in RMB and approximate their fair values.
- (d) The aging analysis of the trade receivables based on invoice date was as follows:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
0-60 days	<b>163,825</b>	154,862
61-180 days	<b>40,790</b>	28,698
181-365 days	<b>21,779</b>	26,245
1-2 years	<b>8,009</b>	7,289
2-3 years	<b>4,229</b>	2,149
3-4 years	<b>3,224</b>	1,531
	<b>241,856</b>	220,774

## 11 TRADE AND OTHER PAYABLES

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Trade payables	<b>31,193</b>	31,511
Other payables		
– Utility	<b>1,012</b>	388
– Listing expenses	<b>3,252</b>	5,959
– Amount due to Mr. Chen	<b>1,125</b>	1,405
– Amount due to Mr. Li	<b>16,411</b>	13,765
– Payroll, bonus, social insurance payables and others	<b>52,430</b>	52,007
– Other tax payable	<b>8,276</b>	6,720
	<b>82,506</b>	80,244
Trade and other payables	<b>113,699</b>	111,755

The ageing analysis of trade payables based on the invoice date was as follows:

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	RMB'000
0-60 days	<b>21,148</b>	25,302
61-180 days	<b>3,313</b>	1,711
181-365 days	<b>1,867</b>	996
More than 1 year	<b><u>4,865</u></b>	<u>3,502</u>
	<b><u><u>31,193</u></u></b>	<u><u>31,511</u></u>

The amounts due to Mr. Li and Mr. Chen are unsecured, interest-free and repayable on demand.

The carrying amounts of trade and other payables are denominated in RMB and are approximate their fair values.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 5 December 2023 (the “**Listing**”).

The Group is a reputable cleaning and maintenance services provider in the People’s Republic of China (the “**PRC**”). With industry experience of over 20 years, we have steadily developed our business to offer a wide range of services to customers and extend the coverage of our operations to 14 provincial-level regions in the PRC.

Our service capabilities include the provision of basic cleaning and maintenance service, garbage collection and transportation service, waste collection and transportation service, water tank cleaning service and ancillary services. We also offer specialised cleaning services such as stone cleaning and restoration and high-altitude cleaning with mobile elevated platforms.

Our Group is committed to providing high quality service. We have a number of qualifications and adopt relevant quality control measures, which enable us to respond to the service requests and feedback of our customers in an efficient manner. Currently we hold, among others, the Guangzhou Sanitation Industry Operating Service Company Industry Grade Certificate – A Grade\* (廣州環衛行業經營服務-企業資質等級證書), the Operational Cleaning, Collection and Transportation Services of Municipal Solid Waste Licence\* (城市生活垃圾經營性清掃、收集、運輸服務許可證), the Stone & Floor Application Conservation Specialty Qualification Certificate – AAAAA Grade\* (石材地坪應用護理專業資質證書-AAAAA級), Sewage, Septic Tank, Pipeline Unclogging Treatment Cleaning Service Enterprise Qualification Certificate – National Level 1\* (污水、化糞池、管道疏通處理清洗服務企業資質證書-國家一級) and Secondary Water Supply Cleaning Service Enterprise Qualification Certificate\* (二次供水清潔服務企業資質證書).

\* The English translation is for identification purpose only

## PROSPECTS

The Board considers that the Listing has impacted the perception of customers towards our Group and believes that the public listing status is a form of complementary advertising which will further enhance the corporate profile, assist in reinforcing the brand awareness and market reputation, promote the business opportunities and cooperation with the potential business partners and offer the Company a broader shareholder base which will provide liquidity in the trading of the shares of the Company (the “**Shares**”). In addition, in the event of future business expansion and long-term development needs and goals, the Listing will enable us to gain access to the capital market for future fund raising in the form of equity and/or debt, which would be in the interests of the Company and its shareholders.

Since our Group’s establishment in 2000 and foothold in Guangzhou, we have built a strong position in Guangdong province. In view of the PRC’s continuous growth in the economy and urbanisation, as well as the expected increase in the number of new properties, apart from growing the business through organic growth initiatives, we plan to leverage on our extensive experience in cleaning and maintenance services and expand our presence in both existing and new markets. We intend to replicate our model to other regions in the PRC with a strong demand for property cleaning services. Our Group also explore and pursue opportunities to expand the customer base and bolster the geographic presence in other provinces by potential acquisition and/or investment in cleaning and maintenance service provider(s) in the Greater Bay Area to enable us to expand the geographic reach and tender for cleaning services provision in major infrastructures to be completed in the near future.

## FINANCIAL REVIEW

### Revenue

Our revenue was derived from property cleaning which includes commercial building, residential building, shopping mall and etc and public space cleaning which primarily consists of road sweeping and cityscape cleaning.

	Year ended 31 December			
	2023		2022	
	<i>RMB million</i>	<i>Approximate % of total revenue</i>	<i>RMB million</i>	<i>Approximate % of total revenue</i>
Property cleaning	606.7	96.3	574.1	96.6
Public space cleaning	23.5	3.7	20.1	3.4
Total	<u>630.2</u>	<u>100.0</u>	<u>594.2</u>	<u>100.0</u>

We recorded an increase in revenue from approximately RMB594.2 million for the year ended 31 December 2022 (the “FY2022”) to approximately RMB630.2 million for the year ended 31 December 2023 (the “Reporting Period”), representing an increase of approximately 6.1%. The increase in revenue was mainly due to the increase in number of projects during the Reporting Period in property cleaning service.

### Cost of services

Our cost of services increased from approximately RMB499.8 million for FY2022 to approximately RMB536.7 million for the Reporting Period, representing an increase of approximately 7.4%. The increase in cost of services was in line with the revenue growth for the same period.

### Gross profit and gross profit margin

We generated gross profit of approximately RMB93.4 million for the Reporting Period as compared to approximately RMB94.4 million for FY2022. During the Reporting Period, our Group’s gross profit margins remained stable at approximately 14.8% as compared to approximately 15.9% for FY2022.

### Other income, net

Our other income increased from approximately RMB5.1 million for FY2022 to approximately RMB6.4 million for the Reporting Period, representing an increase of approximately 25.1%. The increase in other income was primarily due to the sale of waste collection during the Reporting Period.

### **Selling and marketing expenses**

We recorded an increase in the selling and marketing expenses from approximately RMB4.0 million for FY2022 to approximately RMB5.1 million for the Reporting Period, representing an increase of approximately 29.2%. Such increase was due to the increase in marketing and entertainment expenses as well as tendering expenses, which was in line with the expansion of our operations.

### **General and administrative expenses**

Our general and administrative expenses increased from approximately RMB51.1 million for FY2022 to approximately RMB61.1 million for the Reporting Period, representing an increase of 19.7% which was primarily due to increase in listing expenses recognised during the Reporting Period upon Listing.

### **Finance income/expenses, net**

Our net finance income amounted to approximately RMB0.5 million for the Reporting Period as compared to a net finance expenses of approximately RMB0.4 million for FY2022.

### **Income tax expenses**

Our income tax expenses decreased from approximately RMB5.5 million for FY2022 to approximately RMB4.5 million for the Reporting Period due to the increased additional tax deduction rate from 75% to 100% enjoyed by our subsidiary, namely Guangzhou Shenghui Cleanness Services Co., Ltd. during the Reporting Period.

### **Net profit and net profit margin**

As a result of the foregoing, our Group recorded a decrease in the net profit from approximately RMB34.4 million for FY2022 to approximately RMB27.9 million during the Reporting Period, whilst our net profit margin decreased from 5.8% for FY2022 to 4.4% for the Reporting Period. The decrease was due to the listing expenses of approximately RMB12.0 million recorded during the Reporting Period (FY2022: RMB7.9 million) and increase of employee benefit expenses during the Reporting Period due to increased number of staff. If the non-recurring listing expenses is excluded, we would record a net profit of approximately RMB39.9 million for the Reporting Period.

## Liquidity and financial resources

For the Reporting Period, our Group mainly financed the operations with our own working capital and bank borrowings. As at 31 December 2023, our Group's net asset amounted to approximately RMB298.8 million (31 December 2022: RMB177.0 million). The increase was mainly due to the net proceeds from the Listing.

We had cash, bank balances and restricted bank deposits amounted to approximately RMB150.4 million as at 31 December 2023 (31 December 2022: RMB56.5 million). The total borrowings consisting of lease liabilities was approximately RMB6.9 million (31 December 2022: RMB7.2 million).

	As at 31 December	
	2023	2022
Current ratio (times) <sup>1</sup>	3.0	2.2
Gearing ratio (%) <sup>2</sup>	2.3	4.1
Net debt to equity ratio (%) <sup>3</sup>	<u>Net cash</u>	<u>Net cash</u>

### Notes:

1. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the respective financial year.
2. Gearing ratio is calculated based on the total borrowings and lease liabilities divided by total equity as at the end of the respective financial year and multiplied by 100.0%.
3. Net debt to equity ratio is calculated based on the net debts (total debts net of cash and cash equivalents) divided by total equity as at the end of the respective year and multiplied by 100.0%.

## Capital expenditure and commitments

Our capital expenditure for the Reporting Period amounted to approximately RMB11.7 million (FY2022: RMB1.9 million), comprising mainly expenditures for the purchase of property, plant and equipment.

As at 31 December 2023, our Group has lease commitments of approximately RMB0.5 million (31 December 2022: RMB1.4 million) and the capital commitments to be incurred amounted to approximately RMB9.1 million (31 December 2022: Nil).

## **Pledge of assets**

As at 31 December 2023, we did not pledge any assets (31 December 2022: nil) as securities for any facilities granted to our Group.

## **Contingent liabilities**

Our Group did not have material contingent liabilities as at 31 December 2023 and 2022.

## **Treasury policies**

We adopt prudent treasury policies. The Group's management closely monitors our liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

## **Foreign exchange exposure**

Substantially all of our Group's financial assets and liabilities are primarily denominated RMB. As at 31 December 2023, our foreign exchange risk on financial assets and liabilities denominated in foreign currencies was insignificant to the Group. The Group currently does not undertake any foreign currency hedging and does not use any financial instrument for hedging purposes. However, our management will closely monitor the foreign exchange exposure of the Group and will consider hedging the foreign exchange exposure if it becomes significant to our Group.

Furthermore, the conversion of RMB into foreign currencies is subject to rules and regulations of exchange control enforced by the government.

## **OTHER INFORMATION**

### **Use of proceeds from the global offering**

On 27 November 2023, the Company offered 414,375,000 Shares for subscription in the global offering. The offer price per Share was determined at HK\$0.32 and the Shares were successfully listed on the Main Board of the Stock Exchange on 5 December 2023. The net proceeds (after deduction of underwriting fees and commissions and other listing expenses) from the Listing were approximately HK\$73.5 million. The estimated net proceeds under the section headed "Future plans and use of proceeds" to the prospectus of the Company dated 27 November 2023 (the "**Prospectus**") was HK\$87.4 million. The difference of approximately HK\$13.9 million has been adjusted in the same proportion to the use of proceeds as disclosed in the Prospectus.

The below table sets out the planned application of the net proceeds:

<b>Intended application of the net proceeds</b>	<b>Approximate percentage of total net proceeds</b>	<b>Adjusted planned allocation</b> <i>HK\$ million</i>	<b>Utilised amount during the Reporting Period</b> <i>HK\$ million</i>	<b>Unutilised amount as at 31 December 2023</b> <i>HK\$ million</i>	<b>Expected timetable for full utilisation</b> <i>(Note)</i>
Establishment of new branch offices	48.9%	36.0	–	36.0	December 2026
Acquisition or investment in cleaning and maintenance service provider(s)	21.4%	15.7	–	15.7	December 2026
Enhancing service capabilities in the public space cleaning sector	19.4%	14.3	–	14.3	December 2026
Adopting technological advances and upgrading information technology system	7.6%	5.6	–	5.6	December 2026
Expanding marketing department	2.5%	1.8	–	1.8	December 2026
General working capital	0.2%	0.1	0.1	–	
<b>Total</b>	<b>100.0%</b>	<b>73.5</b>	<b>0.1</b>	<b>73.4</b>	

*Note:* The expected timeline for the usage of the remaining proceeds is made based on the best estimate of our Group's future market conditions, which is subject to the current and future development of the market conditions.

As at 31 December 2023, the unutilised net proceeds have been placed in interest-bearing accounts with licensed banks in Hong Kong.

### **Significant investments held and material acquisitions and disposals**

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

## **Future plans for material investments or capital assets**

Save as disclosed in the Prospectus and this announcement, there was no specific plan for material investments or capital assets as at 31 December 2023.

## **Human resources**

The total employee benefit expenses was RMB351.3 million during the Reporting Period (FY2022: RMB324.1 million). The number of staff was 7,086 as at 31 December 2023 (31 December 2022: 6,347). Each employee's remuneration was determined in accordance with the individual's responsibility, competence and skills, experience and performance, as well as market pay levels. All employees of the Group participate in employee social insurance plans established in the PRC, which cover pension, medical and other welfare benefits. Training programmes, including environmental protection, quality and occupational safety and health training, emergency response and rescue training, specialised cleaning skills training and management skills training, are regularly provided or arranged to our employees. We has also adopted a share option scheme to provide incentives or rewards to the staff.

## **Events after reporting period**

Save as disclosed in this announcement, there were no other significant events that may affect our Group since the end of the Reporting Period.

## **CORPORATE GOVERNANCE**

The Company complied with the code provisions set out in Part 2 of Corporate Governance Code (the "**CG Code**") in Appendix C1 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange since the listing of the Shares on the Stock Exchange on 5 December 2023 (the "**Listing Date**") to the date of this announcement with the exception of the following deviation:

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Li Chenghua currently holds the positions of chairman of the Board (the "**Chairman**") and chief executive officer of the Company (the "**CEO**"). Throughout the history of the Group, Mr. Li, the Chairman, CEO, executive Director and controlling shareholder of the Company, has held key leadership position of the Group and has been responsible for overseeing all aspects of the operations of the Group including strategic planning, management, operation and business development. The Directors (including the independent non-executive Directors) consider that Mr. Li is the best candidate for both positions and the present structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions efficiently, and thus is in the best interest of the Group and the shareholders of the Company as a whole.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as its codes of conduct regarding securities transactions by the Directors and by relevant employees of the Company. All Directors have confirmed, following specific enquiries by the Company, that they fully complied with the Model Code and its code of conduct regarding the Directors’ securities transactions throughout the period from the Listing Date to the date of this announcement.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities since the Listing Date.

## **FINAL DIVIDEND**

The Board has resolved not to recommend the declaration of any final dividend for the Reporting Period.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **AUDIT COMMITTEE**

The audit committee of the Company has reviewed the Group’s audited financial results for the Reporting Period and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group with no disagreement by the audit committee of the Company.

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

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.gzshqj.com](http://www.gzshqj.com). The annual report of the Company for the Reporting Period will be despatched to the shareholders of the Company and made available on the above websites in due course.

By Order of the Board  
**Shenghui Cleanness Group Holdings Limited**  
**Li Chenghua**  
*Chairman and Executive Director*

Hong Kong, 28 March 2024

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Li Chenghua and Mr. Chen Liming; and three independent non-executive Directors, namely Ms. Chong Sze Pui Joanne, MH, Ms. Cheung Bo Man and Ms. Yau Yin Hung.*