

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Redco Healthy Living Company Limited
力高健康生活有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2370)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2024 was approximately RMB212.1 million, representing a decrease of approximately 9.0% as compared to approximately RMB233.2 million for the corresponding period in 2023.
- Gross profit for the six months ended 30 June 2024 was approximately RMB57.2 million, representing a decrease of approximately 19.9% as compared to approximately RMB71.4 million for the corresponding period in 2023.
- Gross profit margin for the six months ended 30 June 2024 was approximately 27.0% compared with that of approximately 30.6% in the corresponding period in 2023.
- Net profit of the Group for the six months ended 30 June 2024 was approximately RMB7.7 million, representing a decrease of approximately 63.3% as compared to approximately RMB21.0 million for the corresponding period in 2023.

- For the six months ended 30 June 2024, the total contracted GFA of the Group was approximately 28.2 million sq.m., representing an increase of approximately 4.4% as compared to approximately 27.0 million sq.m. in the corresponding period in 2023.
- For the six months ended 30 June 2024, the GFA under management of the Group was approximately 21.6 million sq.m., representing an increase of approximately 13.1% as compared to approximately 19.1 million sq.m. in the corresponding period in 2023.
- The Board has resolved not to declare any payment of interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of Redco Healthy Living Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”, “**we**”, “**us**”, or “**our**”) for the six months ended 30 June 2024 with comparative figures for the corresponding period of 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	<i>Notes</i>	Six months ended 30 June	
		2024	2023
		<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Revenue	4	212,119	233,152
Cost of services		(154,940)	(161,730)
Gross profit		57,179	71,422
Other income, gains and losses, net	5	1,349	377
Selling and marketing expenses		(1,036)	(772)
General and administrative expenses		(32,863)	(33,350)
Impairment losses on financial assets, net of reversal		(13,807)	(8,343)
Operating profit		10,822	29,334
Finance income		688	180
Finance costs		(526)	(649)
Finance income and costs, net		162	(469)
Share of results of investments accounted for using the equity method, net		637	354
Profit before income tax	6	11,621	29,219
Income tax expense	7	(3,898)	(8,250)
Profit for the period		7,723	20,969
Profit for the period attributable to:			
- Owners of the Company		1,073	13,639
- Non-controlling interests		6,650	7,330
		7,723	20,969
Earnings per share			
- Basic and diluted			
(expressed in RMB cents per share)	9	0.54	6.82

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit for the period	7,723	20,969
Other comprehensive income		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
- Currency translation differences	<u>560</u>	<u>245</u>
Total comprehensive income for the period	<u>8,283</u>	<u>21,214</u>
Total comprehensive income attributable to:		
- Owners of the Company	1,633	13,884
- Non-controlling interests	<u>6,650</u>	<u>7,330</u>
	<u>8,283</u>	<u>21,214</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Notes</i>	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	59,354	63,299
Intangible assets	11	43,625	46,671
Investments accounted for using the equity method		4,170	5,183
Other receivables and prepayments	12	—	899
Deferred income tax assets		38,875	35,448
		146,024	151,500
CURRENT ASSETS			
Trade and other receivables and prepayments	12	286,875	248,938
Amounts due from related parties		36,978	37,935
Cash and cash equivalents		124,137	178,854
		447,990	465,727
CURRENT LIABILITIES			
Trade payables	13	23,410	22,656
Accruals and other payables	13	69,761	72,740
Contract liabilities		96,844	111,422
Amounts due to related parties		2,213	12,223
Income tax liabilities		48,984	45,761
Bank and other borrowings	14	9,037	14,562
Lease liabilities		142	134
		250,391	279,498
NET CURRENT ASSETS		197,599	186,229
TOTAL ASSETS LESS CURRENT LIABILITIES		343,623	337,729
NON-CURRENT LIABILITIES			
Lease liabilities		3,234	3,096
Bank and other borrowings	14	3,700	—
Deferred income tax liabilities		4,376	4,376
		11,310	7,472
NET ASSETS		332,313	330,257

	<i>Note</i>	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
CAPITAL AND RESERVES			
Share capital	15	16,220	16,220
Reserves		276,537	274,904
		292,757	291,124
Non-controlling interests		39,556	39,133
SHAREHOLDERS' EQUITY		332,313	330,257

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. General

Redco Healthy Living Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 10 February 2021 as an exempted company with limited liability under the Companies Act of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) since 31 March 2022.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the provision of property management services, value-added services to non-property owners, community value-added services, development and maintenance services with respect to the information technology (“**IT**”) systems, healthcare management services and property agency services in the People’s Republic of China (the “**PRC**”).

The ultimate holding company of the Company is Redco Properties Group Limited (“**Redco Properties**” or the “**Controlling Party**”, together with its subsidiaries excluding the Group, the “**Redco Properties Group**”) whose shares are also listed on the Main Board. The Company’s immediate holding company is Top Glory International Holdings Ltd. (“**TGI**”, a company incorporated in the British Virgin Islands (“**BVI**” with limited liability)) which is wholly-owned by Redco Properties. The ultimate controlling shareholders of the Group are Mr. Wong Yeuk Hung and Mr. Huang Ruoqing (the “**Controlling Shareholders**”), who are parties acting in concert and have been collectively controlling the Group.

The interim financial information for the six months ended 30 June 2024 is presented in Renminbi (“**RMB**”), which is different from the Company’s functional currency of Hong Kong dollars (“**HK\$**”).

The English names of all the companies established in the PRC presented in these condensed consolidated financial statements represent the best efforts made by the directors of the Company (the “**Directors**”) for the translation of the Chinese names of these companies to English names as they do not have official English names.

2. Basis of presentation of condensed consolidated financial statements

The Incidents

As described in details in the announcement of the Company dated 30 June 2023, on 6 April 2023, the Board of Directors of the Company has established an independent committee (the “**Independent Committee**”) which only comprises independent non-executive Directors to conduct an independent inquiry (the “**Independent Inquiry**”) on three audit issues which are summarized as follows::

- (i) Audit issue I: Fund movements regarding certain cooperation arrangements with an entity (“**Party A**”) entered into by the Group relating to the potential acquisitions of certain target companies (the “**Audit Issue I**”);
- (ii) Audit issue II: (a) The Group’s payments of the refundable deposits in the amount of approximately RMB30.8 million in relation to the potential acquisitions of certain target companies (the “**Refundable Deposits**”); and (b) the Group’s receipt of funds in the amount of RMB30 million each from two independent third parties which were transferred back to such parties on the same date (the “**Audit Issue II**”); and
- (iii) Audit issue III: Fund movements between the Group and Redco Properties Group (the “**Audit Issue III**”, together with the Audit Issue I and Audit Issue II, the “**Incidents**”).

The Independent Committee has engaged an independent professional adviser (the “**Independent Professional Adviser**”) to assist with the Independent Inquiry.

Pursuant to the Company’s announcement dated 31 January 2024, on 18 January 2024, the Independent Professional Adviser issued a report in relation to its findings on the Independent Inquiry. Key findings of the Independent Inquiry were published by the Company on 31 January 2024 (the “**Key Findings**”).

According to the Key Findings of the Independent Inquiry in relation to the Incidents as described in the report issued by the Independent Professional Adviser, Independent Professional Adviser has identified:

(1) Audit Issue I

There were fund movements between the Group and Party A, including (i) the refundable earnest money in the amount of approximately RMB100 million (equivalent to approximately HK\$118 million) (the “**Earnest Money A**”) during the year ended 31 December 2022; and (ii) the refundable earnest money in the amount of RMB40.6 million (the “**Earnest Money B**”). The Earnest Money A and B were fully refunded to the Group.

(2) Audit Issue II

During the year ended 31 December 2022, the Group proposed to acquire nine target companies (the “**Nine Target Companies**”). Between October and December 2022, the Company paid a total amount of approximately RMB30.8 million as refundable and interest-free deposits to the sellers of the Nine Target Companies. The Refundable Deposits were fully refunded to the Group during the year ended 31 December 2023.

(3) Audit Issue III

During the year ended 31 December 2022, there were fund movements between the Group and Redco Properties Group ranging from RMB200 to RMB61.5 million. During the year ended 31 December 2022, the net fund movement from the Group to Redco Properties Group amounted to approximately RMB107.5 million, which primarily comprised (i) settlement of non-trade accounts payable; (ii) the earnest money for a property project of Redco Properties Group in Tianjin; (iii) the carpark sales refundable deposits; and (iv) the Redco Properties Group’s bridging loans.

As at 31 December 2022, the amount due from Redco Properties Group to the Group (other than trade receivables) amounted to approximately RMB73.84 million.

Details of the above are set out Company’s announcements dated 30 June 2023 and 31 January 2024.

3. Basis of preparation of condensed consolidated financial statements

(a) Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA and any public announcements made by the Company during the interim reporting period.

(b) Changes in accounting policies

The accounting policies applied to these condensed consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in those annual financial statements.

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2024 and currently relevant to the Group:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
HK Int 5 (revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The Group has adopted these amendments of standards and the adoption of these amendments of standards do not have significant impacts on the Group’s condensed consolidated financial statements.

4. Revenue and segment information

(i) Revenue

Revenue mainly comprises of proceeds from property management services, value-added services to non-property owners, community value-added services, community healthcare services and IT and intelligent construction services.

Disaggregation of revenue from contracts with customers

An analysis of the Group's revenue by category for the six months ended 30 June 2024 and 30 June 2023 are as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
<i>Recognised over time:</i>		
– Property management services	169,230	147,455
– Value-added services to non-property owners	9,729	22,453
– Community value-added services	20,268	36,062
– Community healthcare services	4,319	7,861
– IT and intelligent construction services	2,508	6,758
	206,054	220,589
<i>Recognised at a point in time:</i>		
– Valued-added services to non-property owners	2,999	3,013
– IT and intelligent construction services	3,066	9,550
	6,065	12,563
	212,119	233,152

(ii) Segment information

Management has determined operating segments based on the reports reviewed by the chief operating decision maker (“**CODM**”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company.

The CODM has identified three reportable operating segments, namely property management, healthcare services and others as following:

Property management: Provision of property management services, provision of value-added services to non-property owners and provision of community value-added services

Healthcare services: Provision of healthcare management services

Others: Development and maintenance of IT systems for property developers, provision of other IT-related services and other miscellaneous services

The CODM assesses the performance of the operating segments based on measures of adjusted profits before income tax. The measurement basis of segment results excludes the effects of depreciation, share of results of investments accounted for using the equity method, finance income/costs, net and income tax expense. Other information provided, except as noted below, to the CODM is measured in a manner consistent with that in the consolidated financial statements.

Segment revenue, results, assets and liabilities

	Property management	Healthcare services	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Six months ended 30 June 2024 (Unaudited)				
Segment revenue				
Revenue from contracts with customers				
– Recognised overtime	2,999	—	3,066	6,065
– Recognised at a point in time	202,562	4,319	5,126	212,007
Less: inter-segment revenue	<u>(3,335)</u>	<u>—</u>	<u>(2,618)</u>	<u>(5,953)</u>
Consolidated revenue from external customers	<u>202,226</u>	<u>4,319</u>	<u>5,574</u>	<u>212,119</u>
Segment results				
Segment results	14,877	(397)	494	14,974
Depreciation of property, plant and equipment	<u>(3,774)</u>	<u>(141)</u>	<u>(237)</u>	<u>(4,152)</u>
Operating profits (losses)	11,103	(538)	257	10,822
Share of results of investments accounted for				
using the equity method, net	637	—	—	637
Finance income and costs, net	<u>(177)</u>	<u>436</u>	<u>(97)</u>	<u>162</u>
Profits before income tax	<u>11,563</u>	<u>(102)</u>	<u>160</u>	11,621
Income tax expense				<u>(3,898)</u>
Profit for the year				<u>7,723</u>
Additions to:				
Property, plant and equipment				
– Reportable segment assets	<u>306</u>	<u>—</u>	<u>—</u>	<u>306</u>
Intangible assets				
– Reportable segment assets	<u>—</u>	<u>110</u>	<u>—</u>	<u>110</u>

	Property management <i>RMB'000</i>	Healthcare services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
As at 30 June 2024 (Unaudited)				
Reportable segment assets	<u>316,683</u>	<u>213,939</u>	<u>32,683</u>	<u>563,305</u>
Other unallocated corporate assets				<u>30,709</u>
Total consolidated assets				<u>594,014</u>
<i>Including investments accounting for using the equity method</i>				
	<u>4,100</u>	<u>70</u>	<u>—</u>	<u>4,170</u>
Reportable segment liabilities	<u>15,527</u>	<u>216,584</u>	<u>20,541</u>	252,652
Other unallocated corporate liabilities				<u>9,049</u>
Total consolidated liabilities				<u>261,701</u>

	Property management <i>RMB'000</i>	Healthcare services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2023 (Unaudited)				
Segment revenue				
Revenue from contracts with customers				
– Recognised overtime	3,013	—	10,566	13,579
– Recognised at a point in time	207,024	7,861	8,933	223,818
Less: inter-segment revenue	<u>(1,054)</u>	<u>—</u>	<u>(3,191)</u>	<u>(4,245)</u>
Consolidated revenue from external customers	<u>208,983</u>	<u>7,861</u>	<u>16,308</u>	<u>233,152</u>
Segment results				
Segment results	23,507	3,752	5,278	32,537
Depreciation of property, plant and equipment	<u>(2,616)</u>	<u>(245)</u>	<u>(342)</u>	<u>(3,203)</u>
Operating profits	20,891	3,507	4,936	29,334
Share of results of investments accounted for				
using the equity method, net	354	—	—	354
Finance income and costs, net	<u>(173)</u>	<u>(118)</u>	<u>(178)</u>	<u>(469)</u>
Profits before income tax	<u>21,072</u>	<u>3,389</u>	<u>4,758</u>	<u>29,219</u>
Income tax expense				<u>(8,250)</u>
Profit for the year				<u>20,969</u>
Additions to:				
Property, plant and equipment				
– Reportable segment assets	<u>3,774</u>	<u>—</u>	<u>—</u>	<u>3,774</u>

	Property management <i>RMB'000</i>	Healthcare services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2023 (Audited)				
Reportable segment assets	<u>414,424</u>	<u>139,558</u>	<u>28,542</u>	<u>582,524</u>
Other unallocated corporate assets				<u>34,703</u>
Total consolidated assets				<u>617,227</u>
<i>Including investments accounting for using the equity method</i>				
	<u>5,113</u>	<u>70</u>	<u>—</u>	<u>5,183</u>
Reportable segment liabilities	<u>236,846</u>	<u>18,410</u>	<u>22,226</u>	<u>277,482</u>
Other unallocated corporate liabilities				<u>9,488</u>
Total consolidated liabilities				<u>286,970</u>

Geographical information

Revenue by geographical location is determined on the basis of the location of the customers or services rendered. All of the Group's revenue were generated from the PRC.

Non-current assets, other than financial instruments, investments accounted for using the equity method and deferred income tax assets by geographical area are as follows:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
PRC	75,039	81,607
Hong Kong	27,940	28,363
	<u>102,979</u>	<u>109,970</u>

Information about major customers

For the six months ended 30 June 2024, revenue from Redco Properties Group, associates and joint ventures of Redco Properties and its subsidiaries contributed approximately 6.9% (30 June 2023: 20.4%) of the Group's revenue.

Other than revenue from Redco Properties Group, associates and joint ventures of Redco Properties and their subsidiaries, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the six months ended 30 June 2024 and 2023.

5. Other income, gains and losses, net

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Government grants (note below)	1,064	392
Sundry income (losses), net	285	(15)
	<u>1,349</u>	<u>377</u>

Note: During the six months ended 30 June 2024, governments grants of approximately RMB1,064,000 (30 June 2023: RMB392,000) was recognised as other income for the period as there was no unfulfilled condition or contingencies relating to these subsidies.

6. Profit before income tax

Profit before income tax is arrived at after charging:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Staff costs (including directors' and chief executive's emoluments)		
– Salaries and allowances	66,753	60,057
– Staff bonuses	5,992	8,144
– Retirement benefit costs	10,038	10,008
– Other staff welfare costs	1,322	6,891
	<u>84,105</u>	<u>85,100</u>
Auditor's remuneration	—	—
Depreciation of property, plant and equipment (note 10)	4,152	3,204
Amortisation of intangible assets (note 11)	3,156	2,941
Cost of services	154,940	161,730
Expenses relating to short-term leases	237	346
	<u>162,488</u>	<u>172,220</u>

7. Income tax expense

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current tax:		
– PRC enterprise income tax	7,324	10,940
Deferred tax credit	(3,426)	(2,690)
	<u>3,898</u>	<u>8,250</u>

Subsidiaries established and operating in the PRC are subject to PRC enterprise income tax at the rate of 25% for the six months ended 30 June 2024 (30 June 2023: 25%).

No provision has been made for Hong Kong profits tax as the companies in Hong Kong did not generate any assessable profits for the six months ended 30 June 2024 (30 June 2023: nil).

8. Dividends

The Board of Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

9. Earnings per share

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Earnings figures are calculated as follows:		
Profit for the period attributable to the owners of the Company		
for the purpose of calculating basic and diluted earnings		
for the period	<u>1,073</u>	<u>13,639</u>

Six months ended 30 June	
2024	2023
<i>(Unaudited)</i>	<i>(Unaudited)</i>
(thousands of shares)	

Number of shares:

Weighted average number of ordinary shares for the purpose of		
calculating basic and diluted earnings per share	<u>200,000</u>	<u>200,000</u>

The basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of shares in issue during the respective periods.

No diluted earnings per share as at 30 June 2024 and 2023 were presented as there were no potential ordinary shares outstanding as at 30 June 2024 and 2023.

10. Property, plant and equipment

	Six months ended 30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>	Year ended 31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
Net book amount at 1 January	63,299	55,198
Additions	306	14,705
Disposals	(78)	—
Disposals of subsidiaries	—	(6)
Depreciation	(4,152)	(7,093)
Exchange differences	(21)	495
	<u>59,354</u>	<u>63,299</u>
Net book amount at 30 June	<u>59,354</u>	<u>63,299</u>

11. Intangible assets

	Customer relationship <i>RMB'000</i>	Property management contracts <i>RMB'000</i>	Service contracts <i>RMB'000</i>	Computer software <i>RMB'000</i>	Goodwill <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2024						
(Unaudited)						
Opening net book amount	9,659	—	—	12,780	24,232	46,671
Additions	—	—	—	110	—	110
Amortisation (note 6)	(1,220)	—	—	(1,936)	—	(3,156)
Closing net book amount	<u>8,439</u>	<u>—</u>	<u>—</u>	<u>10,954</u>	<u>24,232</u>	<u>43,625</u>
As at 30 June 2024 (Unaudited)						
Cost	17,080	7,689	1,299	17,467	24,232	67,767
Accumulated amortisation	(8,641)	(7,689)	(1,299)	(6,513)	—	(24,142)
Net book amount	<u>8,439</u>	<u>—</u>	<u>—</u>	<u>10,954</u>	<u>24,232</u>	<u>43,625</u>
Year ended 31 December 2023						
(Audited)						
Opening net book amount	12,099	2,456	—	3,361	24,232	42,148
Additions	—	—	—	13,009	—	13,009
Amortisation	(2,440)	(2,456)	—	(3,590)	—	(8,486)
Closing net book amount	<u>9,659</u>	<u>—</u>	<u>—</u>	<u>12,780</u>	<u>24,232</u>	<u>46,671</u>
As at 31 December 2023 (Audited)						
Cost	17,080	7,689	1,299	17,357	24,232	67,657
Accumulated amortisation	(7,421)	(7,689)	(1,299)	(4,577)	—	(20,986)
Net book amount	<u>9,659</u>	<u>—</u>	<u>—</u>	<u>12,780</u>	<u>24,232</u>	<u>46,671</u>

12. Trade and other receivables and prepayments

	30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
	Note	
<i>Trade receivables comprise:</i>	(a)	
– Receivables from related parties	149,703	133,160
– Receivables from third parties	229,438	196,444
	<u>379,141</u>	<u>329,604</u>
Less: impairment	<u>(119,291)</u>	<u>(104,673)</u>
	<u>259,850</u>	<u>224,931</u>
 <i>Other receivables comprise:</i>		
– Receivables due from property owners	6,670	7,234
– Advances to employees	2,730	947
– Other receivables	7,643	6,375
– Other deposits	7,654	6,568
	<u>24,697</u>	<u>21,124</u>
Less: impairment	<u>(249)</u>	<u>(171)</u>
	<u>24,448</u>	<u>20,953</u>
 Trade and other receivables	<u>284,298</u>	<u>245,884</u>
 Prepayment	<u>2,577</u>	<u>3,953</u>
	<u>286,875</u>	<u>249,837</u>
 <i>Analysed as:</i>		
– Current	286,875	248,938
– Non-current	—	899
	<u>286,875</u>	<u>249,837</u>

Note:

(a) Trade receivables

Trade receivables mainly arise from property management services income, value-added services as provided to non-property owners, community healthcare services and IT and intelligent construction services.

Property management services income is received in accordance with the terms of the relevant services agreements. Service income from property management services is due for payment by the residents upon the issuance of demand note.

Receivables from related parties mainly represented trade receivables from Redco Properties Group, and its associates and joint ventures.

The following is an ageing analysis of trade receivables presented based on revenue recognition date:

	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
0 - 30 days	203,662	192,420
31 - 60 days	16,419	9,105
61 - 90 days	2,426	2,739
91 - 180 days	23,250	24,531
181 - 365 days	57,406	26,446
Over 365 days	75,978	74,363
	379,141	329,604

The carrying amounts of the Group's trade receivables are denominated in RMB.

13. Trade payables, accruals and other payables

		30 June	31 December
	Note	2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Audited)
Trade payables	(a)	23,410	22,656
<i>Accruals and other payables comprise:</i>			
– Accruals and other payables		54,462	54,831
– Consideration Payable		2,703	2,703
– Other tax payables		6,743	9,224
– Salary payables		5,853	5,982
		69,761	72,740

Note:

(a) Trade payables

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

	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
0 to 30 days	14,397	16,409
31 to 60 days	229	70
61 to 90 days	1,810	651
Over 91 days	6,974	5,526
	23,410	22,656

The carrying amounts of the Group's trade payables approximate their fair values due to their short maturities.

14. Bank and other borrowings

	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Bank and other borrowings	<u>12,737</u>	<u>14,562</u>
The carrying amounts of bank and other borrowings based on scheduled repayment dates set out in the loan agreements		
Within one year or demand	1,422	6,309
More than one year, but not more than two years	1,171	1,179
More than two years, but not more than five years	7,215	3,537
More than five years	<u>2,929</u>	<u>3,537</u>
	12,737	14,562
The carrying amounts of bank and other borrowings that become immediately due and payable due to breach of loan covenants and/or contain a repayment on demand clause which was shown under current liabilities		
	<u>(9,037)</u>	<u>(14,562)</u>
Amounts shown under non-current liabilities	<u>3,700</u>	<u>—</u>

As at 30 June 2024, the effective interest rate of bank borrowing and other borrowings was approximately 4.68% (31 December 2023: 5.85%).

As at 30 June 2024, the Group's bank and other borrowings was charged with interest rate from 4.0% to 11.34% per annum (31 December 2023: 3.8% to 11.34%).

As at 30 June 2024, the Group's bank and other borrowings of RMB8,787,000 (31 December 2023: RMB9,432,000) was secured by the pledge of certain properties (note 10) with a carrying amount of RMB27,807,000 (31 December 2023: RMB28,358,000) and guaranteed by the Company. Besides, the Group's bank and other borrowings of RMB250,000 (31 December 2023: RMB5,130,000) was guaranteed by the management of certain subsidiaries of the Company.

As at 30 June 2024, the Group's bank and other borrowings amounting to approximately RMB250,000 (31 December 2023: RMB893,000) were cross-defaulted resulting from the default events happened in respect of its related parties, shareholders or ultimate beneficial owners of the Group in accordance with the clauses in the respective loan agreements. As a result of the default and cross-default payments of borrowings for Redco Properties Group, the Controlling Party, the cross-default clauses of certain of the Group's bank and other borrowings were triggered. Thus, the Group's bank and other borrowings of approximately RMB250,000 (31 December 2023: RMB893,000) would be immediately due if requested by the lenders and are classified as current liabilities.

15. Share capital

Details of the share capital of the Company are as follows:

	Number of shares	Share capital	
		<i>HK\$'000</i>	<i>RMB'000</i>
Ordinary shares of HK\$0.1 each			
Authorised:			
As at 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024	<u>1,000,000,000</u>	<u>100,000</u>	<u>81,108</u>
Issued and fully paid:			
As at 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024	<u>200,000,000</u>	<u>20,000</u>	<u>16,220</u>

There were no movements of the Company's share capital during the six months ended 30 June 2024 and the year ended 31 December 2023.

16. Events after the reporting period

Other than as disclosed elsewhere in these condensed consolidated financial statements, the Company did not have any significant events after the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In the first half of 2024, the property management industry moved forward steadily through continuous changes and adjustments, demonstrating a high level of focus on business adjustment, resource integration, and the risk management capabilities. As the cornerstone of our business development, the quality and efficiency of our basic property services have been continuously upgraded and have become the key driving force behind the industry's development. The market's continued encouragement of innovative thinking has pushed the industry to provide more diversified and personalized value-added services to better meet the growing and diverse needs of the market.

With the rapid development of intelligent technology, AI technology and new low-carbon energy market are redefining the future of property management industry. Smart scenarios not only enhance the convenience of life for urban residents, but also provide strong support for the scale and cost intensification of enterprise management. Combining the actual situation of enterprises and integrating business scenarios, integrating upstream and downstream resources with the actual business model of the Company will be the key to driving the future development of the industry.

At this critical juncture of the industry development, enterprises must adapt to market demand and the logic of technological development, and formulate a development strategy that is in line with their own business. We will continue to deepen service quality, strengthen market-oriented development, improve operation and management efficiency, and strictly control operation and management risks to ensure the stable operation and sustainable development of the enterprise.

Business Review

The Company is a property management service provider with a leading position in Jiangxi Province with a service network strategically covering core regions such as the Yangtze River Delta Region, the Greater Bay Area, the Bohai Rim Region and the Central China Region. We have always been adhering to the brand concept of “striving for a healthy better life”, relying on the service concept of “life + health” dual butlers, empowering our business with technology and serving our property owners with quality. We will keep up with the industry trend and implement the development strategy of the Company through scientific research and judgement, so as to achieve steady growth in business performance.

In the first half of 2024, the Group recorded revenue of approximately RMB212.1 million, representing a decrease of approximately 9.0% as compared to the corresponding period in 2023. Profit for the six months ended 30 June 2024 was approximately RMB7.7 million, representing a decrease of approximately 63.3% as compared to the corresponding period in 2023. Profit and other comprehensive income for the six months ended 30 June 2024 was approximately RMB8.3 million, representing a decrease of approximately 60.8% as compared to the corresponding period in 2023 of approximately RMB21.2 million. As at 30 June 2024, the aggregate gross floor area (“GFA”) under the Group’s management reached approximately 21.6 million square meter(s) (“sq.m.”), representing a period-on-period growth of approximately 13.1%, and the aggregate contracted GFA reached approximately 28.2 million sq.m., representing a period-on-period growth of approximately 4.4%.

The steady development and outstanding comprehensive strength of the Group have been widely recognised within and outside the industry, thus rendering the upgrade of our ranking in China’s Top 100 Property Management Companies to the 33rd in 2024 (ranked 35th in 2023) in terms of overall strengths.

Outlook

The Group is dedicated to advocating and practicing the concept of healthy life, and has become guardians and smart partners of communities and customers. We take “striving for a healthy better life” as our mission and rely on the “Lifestyle + healthcare” service system to provide comprehensive and high-quality services and create a harmonious, healthy and sustainable community ecology.

For the development in the second half of 2024, The Group will leverage its core competitiveness to consolidate its market position in economically developed regions, integrate emerging technologies and sustainable development trends, expand project dimensions and deepen service innovation through internal growth and resource integration.

With a solid foundation in property services, we will continue to expand the fields of healthcare and smart technology, build a full life cycle service system, enhance innovations in community value-added services, promote software development and smart community construction, and create a safe, convenient and healthy living environment.

We will also continue to upgrade our service system, provide personalized intelligent services, deepen investment in green technology, promote environmental protection and a low-carbon economy, and contribute to sustainable development.

FINANCIAL REVIEW

Revenue

The revenue of the Group was derived from three business segments: (i) property management services; (ii) value-added services to non-property owners; and (iii) community value-added services in the People’s Republic of China (the “**PRC**”). The revenue of the Group decreased by approximately 9.0% from approximately RMB233.2 million for the six months ended 30 June 2023 to approximately RMB212.1 million for the six months ended 30 June 2024.

The following table sets forth the details of the Group's revenue by business segments for the periods indicated:

	Six months ended 30 June					
	2024		2023		Changes	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(Unaudited)</i>		<i>(Unaudited)</i>			
Property management services	169,230	79.8	147,455	63.2	21,775	14.8
Value-added services to non-property owners	18,302	8.6	41,774	18.0	(23,472)	(56.2)
Community value-added services	24,587	11.6	43,923	18.8	(19,336)	(44.0)
	<u>212,119</u>	<u>100</u>	<u>233,152</u>	<u>100.0</u>	<u>(21,033)</u>	<u>(9.0)</u>

Property management services

Revenue from property management services increased by approximately 14.8% from approximately RMB147.5 million for the six months ended 30 June 2023 to approximately RMB169.2 million for the six months ended 30 June 2024, primarily attributable to the increase in GFA under the Group's management as a result of business expansion through organic growth during the six months ended 30 June 2024.

Value-added services to non-property owners

Revenue from value-added services to non-property owners decreased by approximately 56.2% from approximately RMB41.8 million for the six months ended 30 June 2023 to approximately RMB18.3 million for the six months ended 30 June 2024 mainly due to the decrease in revenue from the sales offices management services and pre-delivery inspection and cleaning services provided to Redco Properties Group Limited (“**Redco Properties**”), a company listed on the Stock Exchange (stock code: 1622) and its subsidiaries (excluding the Group) (“**Redco Properties Group**”), as a result of the decrease in the number of projects delivered by Redco Properties Group for the six months ended 30 June 2024.

Community value-added services

Revenue from community value-added services decreased by approximately 44.0% from approximately RMB43.9 million for the six months ended 30 June 2023 to approximately RMB24.6 million for the six months ended 30 June 2024, primarily due to decrease in revenue for the home renovation and decoration services to property owners as a result of the decrease in properties delivered by Redco Properties Group during the six months ended 30 June 2024.

Cost of sales

The cost of services primarily consists of (i) employee benefit expenses; (ii) greening and cleaning expenses; (iii) maintenance expenses; (iv) utility and security charges; and (v) other expenses such as depreciation of property, plant and equipment and amortisation of intangible asset.

Cost of services decreased by approximately 4.2% from approximately RMB161.7 million for the six months ended 30 June 2023 to approximately RMB154.9 million for the six months ended 30 June 2024, primarily due to decrease in cleaning expenses and direct material costs for home renovation and decoration services for the six months ended 30 June 2024.

Gross profit margin

The following table sets forth the details of the Group's gross profit margin by types of services for the periods indicated:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Property management services	24.3%	24.8%
Value-added services to non-property owners	36.6%	40.3%
Community value-added services	38.1%	41.0%
	<u>27.0%</u>	<u>30.6%</u>

The gross profit margin of the Group decreased from approximately 30.6% for the six months ended 30 June 2023 to approximately 27.0% for the six months ended 30 June 2024, due to the reasons set out below:

Property management services

The gross profit margin for property management services slightly decreased from approximately 24.8% for the six months ended 30 June 2023 to approximately 24.3% for the six months ended 30 June 2024, primarily due to the increase in outsourcing costs and utilities expenses as well as the increasing maintenance costs incurred for old property management projects of the Group during the six months ended 30 June 2024.

Value-added services to non-property owners

The gross profit margin for value-added services to non-property owners decreased from approximately 40.3% for the six months ended 30 June 2023 to approximately 36.6% for the six months ended 30 June 2024, primarily due to the decreased contribution from sales offices management services under pre-sale management services during the six months ended 30 June 2024, which had relatively higher gross profit margin than that of other pre-sale management services such as pre-delivery inspection and cleaning services as a result of the decrease in the number of projects delivered by Redco Properties Group for the six months ended 30 June 2024.

Community value-added services

The gross profit margin for community value-added services decreased from approximately 41.0% for the six months ended 30 June 2023 to approximately 38.1% for the six months ended 30 June 2024 was mainly due to the decrease in home renovation and decoration services provided to the property owners as a result of the decrease in the number of projects delivered by Redco Properties Group, which typically has relatively higher gross profit margin than that of other community value-added services.

Other income, gains and losses, net

The other income, gains and losses, net, increased from approximately RMB0.4 million for the six months ended 30 June 2023 to approximately RMB1.3 million for the six months ended 30 June 2024, primarily due to the increase in government grants received during the six months ended 30 June 2024.

Selling and marketing expenses

Our selling and marketing expenses mainly include employee benefit expenses relating to sales and marketing activities, marketing and promotional expenses and others (mainly including traveling and entertainment expenses, and office expenses relating to sales and marketing activities). Selling and marketing expenses increased to approximately RMB1.0 million for the six months ended 30 June 2024 from approximately RMB0.8 million for the six months ended 30 June 2023, primarily due to the increase in marketing expenses as a result of the increase in sales promotional events or booths relating to sales and marketing activities in order to boost the sales of the healthcare services to property owners during the six months ended 30 June 2024.

General and administrative expenses

Our general and administrative expenses primarily consist of administrative staff's employee benefit expenses and bonuses, travel and entertainment, office expenses, depreciation and amortization and other expenses relating to administration activities, bank charges and tax and surcharges. Administrative expenses decreased from approximately RMB33.4 million for the six months ended 30 June 2023 to approximately RMB32.9 million for the six months ended 30 June 2024, due to the decrease in staff's employee benefit expenses as a result of the decrease in average headcount of administrative and human resources staff during the six months ended 30 June 2024 as compared to the corresponding period in 2023.

Impairment losses on financial assets, net of reversal

The impairment losses of financial assets, net of reversal, increased from approximately RMB8.3 million for the six months ended 30 June 2023 to approximately RMB13.8 million for the six months ended 30 June 2024, primarily due to the increase in provision for impairment losses for trade receivables from related parties and third parties during the six months ended 30 June 2024 as compared to the corresponding period in 2023 in view of the credit risks and financial conditions of the related parties and third parties in the real estate industry in the PRC.

Finance income

Finance income increased from approximately RMB0.2 million during the six months ended 30 June 2023 to approximately RMB0.7 million during the six months ended 30 June 2024 due to increase in interest income from bank deposits.

Finance costs

Finance costs decreased from approximately RMB0.6 million during the six months ended 30 June 2023 to approximately RMB0.5 million during the six month ended 30 June 2024 due to the repayments of bank and other borrowings during the six months ended 30 June 2024.

Income tax expenses

Income tax expenses decreased to approximately RMB3.9 million for the six months ended 30 June 2024 from approximately RMB8.3 million for the six months ended 30 June 2023, primarily due to the decreased taxable profits for the six months ended 30 June 2024.

Profit for the period

As a result of the foregoing, the profit for the period decreased to approximately RMB7.7 million for the six months ended 30 June 2024 from approximately RMB21.0 million for the six months ended 30 June 2023.

Profit attributable to the owners of the Company for the period decreased from approximately RMB13.6 million for the six months ended 30 June 2023 to approximately RMB1.1 million for the six months ended 30 June 2024.

Intangible assets

The intangible assets of the Group mainly comprise property management contracts, customer relationship, computer software and goodwill resulted from the acquisition of Wuhu Senlin Property Management Co., Ltd, Shenzhen Zhongtian Yunlian Technology Development Co., Ltd. and Weiye International Investments Company Limited. The intangible asset decreased from approximately RMB46.7 million as at 31 December 2023 to approximately RMB43.6 million as at 30 June 2024 mainly due to the amortization of customer relationship and computer software during the six months ended 30 June 2024.

Property, plant and equipment

The property, plant and equipment of the Group mainly consist of an office, car parking space, office equipment, machinery, vehicles, leasehold improvements and right-of-use assets. The decrease in balance from approximately RMB63.3 million as at 31 December 2023 to approximately RMB59.4 million as at 30 June 2024 was mainly due to the depreciation charge for the six months ended 30 June 2024.

Trade and other receivables and prepayments

Trade receivables mainly arise from provision of property management services, value-added services to non-property owners and community value-added services.

Trade receivables of the Group, net of allowance for impairment, increased from approximately RMB224.9 million as at 31 December 2023 to approximately RMB259.9 million as at 30 June 2024, primarily because of the increase in the number of projects as well as the GFA under management under the property management service segment of the Group during the six months ended 30 June 2024.

Other receivables mainly consist of deposits and payments made on behalf of property owners.

Other receivables and prepayments, net of allowance for impairments, increased from approximately RMB24.9 million as at 31 December 2023 to approximately RMB27.0 million as at 30 June 2024 mainly due to the increase in advances to employees by the Group for the purchase of office supplies and payment of miscellaneous expenses related to projects which was in line with the increase in the number of projects and GFA under the Group's management during the six months ended 30 June 2024.

Trade payables

Trade payables increased from approximately RMB22.7 million as at 31 December 2023 to approximately RMB23.4 million as at 30 June 2024, primarily due to the increase in expenses paid to suppliers as a result of the increase in GFA under management of the Group during the six months ended 30 June 2024.

Accruals and other payables

Accruals and other payables slightly decreased from approximately RMB72.7 million as at 31 December 2023 to approximately RMB69.8 million as at 30 June 2024 due to decrease in other tax payables.

Contract liabilities

Contract liabilities primarily consist of advances of property management fees and other service fees. Contract liabilities decreased from approximately RMB111.4 million as at 31 December 2023 to approximately RMB96.8 million as at 30 June 2024, primarily due to the seasonal effect of property owners paying their outstanding property management fee balances at the year-end out of payment preference and convenience.

Bank and other borrowings

Borrowings represented the bank and other borrowings granted to the Group. Borrowings decreased from approximately RMB14.6 million as at 31 December 2023 to approximately RMB12.7 million as at 30 June 2024. As at 30 June 2024, bank borrowings denominated in Hong Kong dollars (“**HK\$**”) amounted to approximately HK\$9.6 million (31 December 2023: HK\$10.4 million) and were charged with interest rate of 1-month HIBOR plus 1.3% per annum (31 December 2023: 1-month HIBOR plus 1.3% per annum), while bank and other borrowings denominated in RMB amounted to approximately RMB4.0 million (31 December 2023: RMB5.2 million) and were charged with effective rates of 4.68% (31 December 2023: 5.85%).

As at 30 June 2024, the Group’s bank and other borrowings amounting to approximately RMB250,000 (31 December 2023: RMB893,000) were cross-defaulted resulting from the default events happened in respect of its related parties, shareholders or ultimate beneficial owners of the Group in accordance with the clauses in the respective loan agreements. As a result of the default and cross-default payments of borrowings for Redco Properties Group, the controlling shareholder of the Company, the cross-default clauses of certain of the Group’s bank and other borrowings were triggered. Thus, the Group’s bank and other borrowings of approximately RMB250,000 (31 December 2023: RMB893,000) would be immediately due if requested by the lenders and are classified as current liabilities.

Liquidity, financial resources and capital structure

As at 30 June 2024, the cash and cash equivalents of the Group amounted to approximately RMB124.1 million while the cash and cash equivalents of the Group amounted to approximately RMB178.9 million as at 31 December 2023. As at 30 June 2024 and 31 December 2023, the Group’s cash and cash equivalents were denominated in HK\$, RMB and United States dollar (“**US\$**”).

The Group maintained a sound financial position. As at 30 June 2024, the Group's net current assets amounted to approximately RMB197.6 million while the Group's net current assets as at 31 December 2023 amounted to approximately RMB186.2 million. As at 30 June 2024, the Group's current ratio (current assets/current liabilities) was approximately 1.8 times while the Group's current ratio as at 31 December 2023 was approximately 1.7 times. The gearing ratio (interest-bearing borrowings divided by total equity multiplied by 100%) as at 30 June 2024 was 3.8% while the gearing ratio as at 31 December 2023 was 4.4%.

Capital commitments

As at 30 June 2024, the Group did not have any material capital commitments (31 December 2023: Nil).

Contingent liabilities

As at 30 June 2024, the Group did not have any material contingent liabilities (31 December 2023: Nil).

Pledge of assets

As at 30 June 2024, the Group's bank borrowings were secured by the pledge of certain properties with a carrying amount of approximately RMB27.8 million (31 December 2023: RMB28.4 million) and guaranteed by the Company.

Foreign exchange risk

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The major foreign currency source of the Group is the net proceeds received following the successful listing of the ordinary shares of the Company (the "Share(s)") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 31 March 2022, which were denominated in HK\$. The Directors expected that the fluctuations in RMB exchange rate would not have a material adverse effect on the operations of the Group. The Group will closely monitor the fluctuations of the RMB exchange rate and adopt prudent measures to reduce potential foreign exchange risk. As at 30 June 2024, the Group did not engage in hedging activities for managing the foreign exchange risk.

Interest rate risk

Except for the bank balances and bank and other borrowings at variable interest rate, the Group was not exposed to material risk directly relating to changes in market interest rate as at 30 June 2024.

SIGNIFICANT INVESTMENTS HELD

The Group had no significant investment held as at 30 June 2024.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the six months ended 30 June 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2024, save as disclosed in the prospectus of the Company dated 22 March 2022, the Group did not have other future plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICY

The Group had 1,990 full-time employees as at 30 June 2024 (30 June 2023: 2,179). The total staff costs for the six months ended 30 June 2024 were approximately RMB84.1 million (30 June 2023: RMB85.1 million). Employees' remuneration package includes salary, performance bonus and other welfare subsidies. The remuneration of employees is determined in accordance with the Group's remuneration and welfare policies, the employees' positions, performance, company profitability, industry level and market environment.

EVENTS AFTER THE END OF THE REPORTING PERIOD

As a result of the Incidents (as detailed under note 2(b) to the consolidated financial statements in this announcement), the Group was unable to publish its annual results for the two years ended 31 December 2023 and interim results for the period ended 30 June 2023. The trading of the Shares have been suspended since 29 March 2023. In view of, among others, the Incidents and the delay in publication of the financial results of the Group, the Stock Exchange has provided certain resumption guidance (collectively, the “**Resumption Guidance**”) on the Group for the purpose of the resumption of trading of the Shares, which included (among other) conducting a forensic investigation and announcing the investigation findings. On 31 January 2024, the Company announced the findings of such investigation. On 24 April 2024, the Company published the annual results announcements for the year ended 31 December 2022 and the year ended 31 December 2023 and the interim results announcement for the six months ended 30 June 2023. Details of the above matters are disclosed in the Company’s announcements dated 29 March 2023, 31 March 2023, 31 May 2023, 30 June 2023, 25 July 2023, 31 August 2023, 28 September 2023, 31 December 2023, 31 January 2024, 28 March 2024, 24 April 2024, 3 May 2024 and 28 June 2024, respectively.

Currently, the Company is in the process of meeting the Resumption Guidance and will publish further announcements as and when appropriate.

Since 30 June 2024 and up to the date of this announcement, the downturn in the real estate industry in the PRC had an impact on the Group’s trade and other receivables which had led to substantial increase in impairments of trade and other receivables and also resulted in default and cross-default of borrowings for Redco Properties Group, which in turn triggered the cross default clauses of certain of the Group’s bank and other borrowings as detailed in note 14 to the consolidated financial statements contained in this announcement.

INTERIM DIVIDEND

The Board has resolved not to declare any payment of interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024. As at 30 June 2024, the Company did not hold any treasury share.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Company's shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance.

During the six months ended 30 June 2024, the Company has applied the principles of good corporate governance and complied with all applicable code provisions set out in Part 2 of the CG Code.

In view of the Incidents and the as one of the conditions set out in the Resumption Guidance, the Company has engaged an independent internal control consultant (the "**Internal Control Consultant**") to perform a review on the internal control system of the Company (the "**Internal Control Review**"). As at the date of this announcement, such review is still ongoing. The Company will publish an announcement setting out the findings of the Internal Control Review in due course when such review is completed.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as contained in Appendix C3 to the Listing Rules as the Company's code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2024.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Mr. Chow Ming Sang (as the chairman), Mr. Sze Irons and Mr. Lau Yu Leung. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed with the management of the Company on financial reporting matters including a review of the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2024.

PUBLICATION OF UNAUDITED 2024 INTERIM RESULTS AND INTERIM REPORT

This interim results announcement has been published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.redcohealthy.com. The interim report of the Company for the six months ended 30 June 2024 will be despatched to the shareholders of the Company (if requested) and made available on the above websites in due course.

By order of the Board
Redco Healthy Living Company Limited
Huang Ruoqing
Chairman

Hong Kong, 28 August 2024

As at the date of this announcement, the executive Directors are Mr. Tang Chengyong, Ms. Wong Yin Man and Ms. Huang Yanqi, the non-executive Director is Mr. Huang Ruoqing, and the independent non-executive Directors are Mr. Lau Yu Leung, Mr. Sze Irons BBS, JP, and Mr. Chow Ming Sang.