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

**蘇新美好生活服務股份有限公司**

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

**(Stock Code: 2152)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

**FINANCIAL SUMMARY**

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Restated)</b>
Revenue	<b>447,539</b>	348,781
Gross profit	<b>88,066</b>	74,331
Gross profit margin	<b>19.7%</b>	21.3%
Profit for the period	<b>32,360</b>	34,532
Net profit margin	<b>7.2%</b>	9.9%
Profit attributable to owners of the Company	<b>31,188</b>	32,603
Basic earnings per share <i>(RMB per share)</i>	<b>0.31</b>	0.32

For the six months ended 30 June 2024, the total revenue of the Group was approximately RMB447.5 million, representing an increase of approximately 28.3% from approximately RMB348.8 million for the same period in 2023.

For the six months ended 30 June 2024, the gross profit of the Group was approximately RMB88.1 million, representing an increase of approximately 18.5% from approximately RMB74.3 million for the same period in 2023. The Group's gross profit margin was 19.7%, which is relatively stable as compared with the same period in 2023.

For the six months ended 30 June 2024, the profit of the Group was approximately RMB32.4 million, representing a decrease of approximately 6.3% from approximately RMB34.5 million for the same period in 2023.

As at 30 June 2024, the Group had a total contracted GFA of approximately 18.0 million sq.m., representing an increase of approximately 14.6% compared with 30 June 2023.

The Board resolved not to declare any interim dividend for the six months ended 30 June 2024.

## **INTERIM RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Suxin Joyful Life Services Co., Ltd. (the “**Company**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024, together with comparative figures for the six months ended 30 June 2023.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2024*

		<b>For the six months ended</b>	
	<i>Notes</i>	<b>30 June 2024 (Unaudited) RMB'000</b>	<b>30 June 2023 (Unaudited) RMB'000 (Restated)</b>
<b>REVENUE</b>	5	<b>447,539</b>	348,781
Cost of sales		<u>(359,473)</u>	<u>(274,450)</u>
Gross profit		<u><b>88,066</b></u>	<u>74,331</u>
Other income and gains	5	<b>6,746</b>	11,527
Selling and marketing expenses		<b>(1,578)</b>	(1,788)
Administrative expenses		<b>(28,042)</b>	(27,977)
Other expenses		<b>(13,012)</b>	(594)
Finance costs		<b>(6,840)</b>	(7,904)
Share of loss of a joint venture and associates		<u><b>(6)</b></u>	<u>(258)</u>
<b>PROFIT BEFORE TAX</b>	6	<b>45,334</b>	47,337
Income tax expense	7	<u><b>(12,974)</b></u>	<u>(12,805)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>32,360</b></u>	<u>34,532</u>
Profit attributable to:			
Owners of the parent		<b>31,188</b>	32,603
Non-controlling interests		<u><b>1,172</b></u>	<u>1,929</u>
		<u><b>32,360</b></u>	<u>34,532</u>
 <b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted (RMB)	9	<u><b>0.31</b></u>	<u>0.32</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

*For the six months ended 30 June 2024*

	<b>For the six months ended</b>	
	<b>30 June</b>	30 June
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	<b>RMB'000</b>
		(Restated)
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive (loss)/income:		
Changes in fair value	(124)	871
Income tax effect	31	(216)
	<u>31</u>	<u>(216)</u>
	<u>(93)</u>	<u>655</u>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX</b>		
	<u>(93)</u>	<u>655</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		
	<u>32,267</u>	<u>35,187</u>
Total comprehensive income attributable to:		
Owners of the parent	31,095	33,258
Non-controlling interests	1,172	1,929
	<u>32,267</u>	<u>35,187</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

30 June 2024

	<i>Notes</i>	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>10</i>	<b>381,256</b>	392,619
Investment properties		<b>322,169</b>	332,691
Other intangible assets		<b>1,562</b>	1,176
Investment in a joint venture and associates		<b>1,841</b>	1,847
Equity investments designated at fair value through other comprehensive income		<b>4,826</b>	4,950
Right-of-use assets		<b>9,953</b>	10,063
Other non-current assets	<i>11</i>	<b>49,570</b>	–
Deferred tax assets		<b>6,853</b>	5,246
		<hr/>	<hr/>
Total non-current assets		<b>778,030</b>	748,592
<b>CURRENT ASSETS</b>			
Inventories		<b>123</b>	118
Trade receivables	<i>12</i>	<b>387,196</b>	295,064
Prepayments, other receivables and other assets		<b>28,556</b>	28,637
Financial assets at fair value through profit or loss		<b>12,000</b>	18,000
Due from related parties	<i>15</i>	<b>105,519</b>	58,736
Time deposits		<b>34,682</b>	69,903
Restricted cash		–	265
Cash and cash equivalents		<b>313,757</b>	397,318
		<hr/>	<hr/>
Total current assets		<b>881,833</b>	868,041

	<i>Notes</i>	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
<b>CURRENT LIABILITIES</b>			
Trade payables	13	<b>377,798</b>	301,328
Other payables and accruals		<b>101,038</b>	110,201
Interest-bearing bank loans		<b>10,000</b>	10,000
Lease liabilities		<b>114</b>	111
Due to related parties		<b>28,493</b>	24,237
Tax payable		<b>3,496</b>	11,326
Contract liabilities		<b>40,644</b>	53,726
		<hr/>	<hr/>
Total current liabilities		<b>561,583</b>	510,929
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>320,250</b>	357,112
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,098,280</b>	1,105,704
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans		<b>104,063</b>	109,063
Deferred tax liabilities		<b>9,130</b>	11,556
Lease liabilities		<b>146</b>	150
Other liabilities		<b>175,641</b>	174,041
		<hr/>	<hr/>
Total non-current liabilities		<b>288,980</b>	294,810
		<hr/>	<hr/>
Net assets		<b>809,300</b>	810,894
		<hr/>	<hr/>
<b>EQUITY</b>			
Share Capital		<b>101,047</b>	101,047
Reserves		<b>692,215</b>	694,981
		<hr/>	<hr/>
Equity attributable to owners of the parent		<b>793,262</b>	796,028
		<hr/>	<hr/>
Non-controlling interests		<b>16,038</b>	14,866
		<hr/>	<hr/>
Total equity		<b>809,300</b>	810,894
		<hr/>	<hr/>

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

*For the six months ended 30 June 2024*

### 1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

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

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

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

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

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

Accordingly, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2023 have been restated to include the assets and liabilities and the operating results of the acquired subsidiaries (see below for the financial impacts).

The effect of restatements described above on the consolidated statement of profit or loss for the six months ended 30 June 2023 by line items is as follows:

	<b>For the six months ended 30 June 2023 RMB'000 (Unaudited and originally stated)</b>	<b>Effect of business combination under common control RMB'000</b>	<b>For the six months ended 30 June 2023 RMB'000 (Unaudited and restated)</b>
<b>REVENUE</b>	341,420	7,361	348,781
Cost of sales	<u>(266,076)</u>	<u>(8,374)</u>	<u>(274,450)</u>
Gross profit	<u>75,344</u>	<u>(1,013)</u>	<u>74,331</u>
Other income and gains	11,501	26	11,527
Selling and marketing expenses	(1,788)	–	(1,788)
Administrative expenses	(27,126)	(851)	(27,977)
Other expenses	(594)	–	(594)
Finance costs	(7,613)	(291)	(7,904)
Share of loss of a joint venture and associates	<u>(258)</u>	<u>–</u>	<u>(258)</u>
<b>PROFIT BEFORE TAX</b>	49,466	(2,129)	47,337
Income tax expense	<u>(12,778)</u>	<u>(27)</u>	<u>(12,805)</u>
<b>PROFIT FOR THE PERIOD</b>	<u>36,688</u>	<u>(2,156)</u>	<u>34,532</u>
Profit attributable to:			
Owners of the parent	34,759	(2,156)	32,603
Non-controlling interests	<u>1,929</u>	<u>–</u>	<u>1,929</u>
	<u>36,688</u>	<u>(2,156)</u>	<u>34,532</u>
Basic and diluted (RMB)	<u>0.34</u>	<u>(0.02)</u>	<u>0.32</u>



The effect of restatements described above on the consolidated statement of comprehensive income for the six months ended 30 June 2023 by line items is as follows:

	<b>For the six months ended 30 June 2023 RMB'000 (Unaudited and originally stated)</b>	<b>Effect of business combination under common control RMB'000</b>	<b>For the six months ended 30 June 2023 RMB'000 (Unaudited and restated)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value	871	–	871
Income tax effect	(216)	–	(216)
	<u>655</u>	<u>–</u>	<u>655</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<u>655</u>	<u>–</u>	<u>655</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>37,343</u>	<u>(2,156)</u>	<u>35,187</u>
Total comprehensive income attributable to:			
Owners of the parent	35,414	(2,156)	33,258
Non-controlling interests	1,929	–	1,929
	<u>37,343</u>	<u>(2,156)</u>	<u>35,187</u>

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following new and revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period's financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> <i>(the “2020 Amendments”)</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> <i>(the “2022 Amendments”)</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

#### **4. OPERATING SEGMENT INFORMATION**

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

##### **Geographical information**

During the periods, the Group operated within one geographical location because all of its revenues were generated in Mainland China and all of its non-current assets/capital expenditures were located/incurred in Mainland China. Accordingly, no further geographical information is presented.

##### **Information about major customers**

For the six months ended 30 June 2024, revenue of approximately RMB77,108,000 (for the six months ended 30 June 2023: RMB71,944,000) was derived from the provision of city services, rental income and the provision of commercial property management services to a single customer. Except for the above, no revenue from other customers accounted for more than 10% of the total revenue of the Group.

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended	
	30 June 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited) (Restated)
<i>Revenue from contracts with customers</i>		
City services	288,319	206,069
Commercial property management services	119,416	93,538
Residential property management services	32,162	38,424
Total	<u>439,897</u>	<u>338,031</u>
<i>Revenue from other sources</i>		
Rental income	7,642	10,750
Total	<u>447,539</u>	<u>348,781</u>

### Disaggregated revenue information for revenue from contracts with customers

	Commercial property management services RMB'000	Residential property management services RMB'000	City services RMB'000	Total RMB'000
For the six months ended 30 June 2024 (unaudited)				
<b>Rendering of services</b>	<u>119,416</u>	<u>32,162</u>	<u>288,319</u>	<u>439,897</u>
<b>Geographical market</b>				
Chinese Mainland	<u>119,416</u>	<u>32,162</u>	<u>288,319</u>	<u>439,897</u>
<b>Timing of revenue recognition</b>				
Services transferred over time	115,944	29,030	288,319	433,293
Services transferred at a point in time	<u>3,472</u>	<u>3,132</u>	–	<u>6,604</u>
Total	<u>119,416</u>	<u>32,162</u>	<u>288,319</u>	<u>439,897</u>

	Commercial property management services <i>RMB'000</i>	Residential property management services <i>RMB'000</i>	City services <i>RMB'000</i>	Total <i>RMB'000</i>
For the six months ended 30 June 2023 (unaudited)(restated)				
<b>Rendering of services</b>	<u>93,538</u>	<u>38,424</u>	<u>206,069</u>	<u>338,031</u>
<b>Geographical market</b>				
Chinese Mainland	<u>93,538</u>	<u>38,424</u>	<u>206,069</u>	<u>338,031</u>
<b>Timing of revenue recognition</b>				
Services transferred over time	91,293	36,515	206,069	333,877
Services transferred at a point in time	<u>2,245</u>	<u>1,909</u>	<u>–</u>	<u>4,154</u>
Total	<u>93,538</u>	<u>38,424</u>	<u>206,069</u>	<u>338,031</u>

An analysis of other income and gains is as follows:

	<b>For the six months ended</b>	
	<b>30 June 2024 <i>RMB'000</i> (Unaudited)</b>	<b>30 June 2023 <i>RMB'000</i> (Unaudited) (Restated)</b>
<b>Other income</b>		
Interest income	<b>4,270</b>	3,213
Government grants*	<b>908</b>	980
Foreign exchange differences, net	<b>1,568</b>	5,580
Others	<u>–</u>	<u>688</u>
	<b>6,746</b>	10,461
<b>Gains</b>		
Fair value gains on investment properties	<u>–</u>	<u>1,066</u>
Other income and gains	<u><b>6,746</b></u>	<u>11,527</u>

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

## 6. PROFIT BEFORE TAX

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

	For the six months ended	
	30 June 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited) (Restated)
Cost of services provided	359,473	274,450
Depreciation of property, plant and equipment	13,534	13,584
Depreciation of right-of-use assets	110	110
Lease payments not included in the measurement of lease liabilities	441	383
Loss on disposal of items of property, plant and equipment	31	2
Auditor's remuneration	900	1,000
Interest income	(4,270)	(3,213)
Employee benefit expenses (including directors' and chief executive's remuneration)*:		
Wages, salaries and other allowances	74,118	68,610
Pension scheme contributions and social welfare	18,529	17,152
Total	92,647	85,762
Impairment of trade receivables	5,018	8,639
Changes in fair value of investment properties	10,522	(1,066)

\* Amounts of RMB77,464,000 of employee benefit expenses were included in cost of services during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB74,345,000).

## 7. INCOME TAX

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

### Chinese Mainland

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

	<b>For the six months ended</b>	
	<b>30 June</b>	30 June
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
		(Restated)
Current — Chinese Mainland:		
Charge for the period	<b>16,974</b>	13,141
Deferred tax	<b>(4,000)</b>	(336)
	<u><b>12,974</b></u>	<u>12,805</u>
Total tax charge for the period	<u><b>12,974</b></u>	<u>12,805</u>

## 8. DIVIDEND

	<b>For the six months ended</b>	
	<b>30 June</b>	30 June
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
		(Restated)
Final declared — RMB0.3351 (2023: RMB0.1700) per ordinary share	<u><b>33,861</b></u>	<u>17,178</u>

## 9. 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 period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 101,047,000 in issue during six months ended 30 June 2024 and 2023.

The Group had no potentially diluted ordinary shares in issue during the six months ended 30 June 2024 and 2023.

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

	<b>For the six months ended</b>	
	<b>30 June</b>	30 June
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
		(Restated)
Earnings:		
Profit for the period attributable to owners of the parent, used in the basic earnings per share calculation	<u><b>31,188</b></u>	<u>32,603</u>
	<b>Number of shares '000</b>	
	<b>For the six months ended</b>	
	<b>30 June</b>	30 June
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
Shares:		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	<u><b>101,047</b></u>	<u>101,047</u>

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets at a cost of RMB2,239,000 (six months ended 30 June 2023: RMB3,562,000).

Assets with a net book value of RMB68,000 were disposed of by the Group during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB37,000), resulting in a net loss on disposal of RMB31,000 (net loss for the six months ended 30 June 2023: RMB2,000).



## 11. OTHER NON-CURRENT ASSETS

Other non-current assets represent the prepayments for land use right of the Group.

## 12. TRADE RECEIVABLES

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

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within 1 year	<b>326,475</b>	249,202
1 to 2 years	<b>46,648</b>	43,482
2 to 3 years	<b>14,073</b>	2,380
	<hr/>	<hr/>
Total	<b>387,196</b>	295,064
	<hr/> <hr/>	<hr/> <hr/>

## 13. TRADE PAYABLES

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

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within 1 year	<b>368,051</b>	285,900
1 to 2 years	<b>4,480</b>	8,982
2 to 3 years	<b>3,147</b>	3,328
Over 3 years	<b>2,120</b>	3,118
	<hr/>	<hr/>
Total	<b>377,798</b>	301,328
	<hr/> <hr/>	<hr/> <hr/>

## 14. COMMITMENTS

At the end of the reporting period, the Group did not have any significant commitments.

## 15. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the period:

	<b>For the six months ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Restated)</b>
<b>Property management service and city services income:</b>		
Companies controlled by SND Company	<b>42,076</b>	33,603
Joint ventures or associates of SND Group	<b>6,825</b>	7,174
The controlling shareholder of the Company	<b>679</b>	1,404
	<hr/>	<hr/>
Total	<b>49,580</b>	42,181
	<hr/> <hr/>	<hr/> <hr/>
<b>Rental income:</b>		
Joint ventures or associates of SND Group	<b>327</b>	327
	<hr/> <hr/>	<hr/> <hr/>
<b>Other purchases from related companies:</b>		
The controlling shareholder of the Company	<b>5,820</b>	2,567
Joint ventures or associates of SND Group	<b>44</b>	358
	<hr/>	<hr/>
Total	<b>5,864</b>	2,925
	<hr/> <hr/>	<hr/> <hr/>
<b>Interest expense:</b>		
Companies controlled by SND Company	<b>151</b>	–
	<hr/> <hr/>	<hr/> <hr/>

(b) Outstanding balances with related parties:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<b>Due from related companies:</b>		
<b>Trade related</b>		
Companies controlled by SND Company	<b>65,195</b>	24,583
Joint ventures or associates of SND Group	<b>10,863</b>	4,692
Subtotal	<b>76,058</b>	29,275
<b>Relocation compensation</b>		
The controlling shareholder of the Company	<b>29,461</b>	29,461
Total	<b>105,519</b>	58,736
<b>Due to related companies:</b>		
<b>Trade related</b>		
Companies controlled by SND Company	<b>18,195</b>	15,088
Joint ventures or associates of SND Group	<b>1,609</b>	330
The controlling shareholder of the Company	<b>189</b>	319
Total	<b>19,993</b>	15,737
	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
	<i>Note</i>	
<b>Due to related companies:</b>		
<b>Non-trade related</b>		
Companies controlled by SND Company	<b>8,500</b>	8,500

*Note:*

- (i) On 4 August 2023, the Group made advances from Taihu Jingu, which are unsecured and charged interest at a rate of 3.55% with a repayment term of three years.

(c) Compensation of key management personnel of the Group:

	<b>For the six months ended</b>	
	<b>30 June 2024 RMB'000 (Unaudited)</b>	30 June 2023 RMB'000 (Unaudited) (Restated)
Short-term employee benefits	<b>560</b>	310
Post-employment benefits	<b>133</b>	147
	<hr/>	<hr/>
Total compensation paid to key management personnel	<b>693</b>	457
	<hr/> <hr/>	<hr/> <hr/>

## 16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

**As at 30 June 2024**

	<b>Carrying amounts RMB'000 (Unaudited)</b>	<b>Fair values RMB'000 (Unaudited)</b>
<b>Financial assets</b>		
Wealth management products	<b>12,000</b>	<b>12,000</b>
Equity investments at fair value through other comprehensive income	<b>4,826</b>	<b>4,826</b>
	<hr/>	<hr/>
Total	<b>16,826</b>	<b>16,826</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Financial liabilities</b>		
Other liabilities	<b>175,641</b>	<b>175,641</b>
Interest-bearing bank loans	<b>114,063</b>	<b>114,063</b>
	<hr/>	<hr/>
Total	<b>289,704</b>	<b>289,704</b>
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2023

	Carrying amounts <i>RMB'000</i> (Audited)	Fair values <i>RMB'000</i> (Audited)
<b>Financial assets</b>		
Wealth management products	18,000	18,000
Equity investments at fair value through other comprehensive income	<u>4,950</u>	<u>4,950</u>
Total	<u><u>22,950</u></u>	<u><u>22,950</u></u>
<b>Financial liabilities</b>		
Other liabilities	174,041	174,041
Interest-bearing bank loans	<u>119,063</u>	<u>119,063</u>
Total	<u><u>293,104</u></u>	<u><u>293,104</u></u>

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables, time deposits, restricted cash, current interest-bearing bank loans and other borrowings, trade payables, other liabilities, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The finance manager of each subsidiary of the Group is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The Group's finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the non-current portion of interest-bearing bank loans and other liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank loans and other liabilities as at the end of each period were assessed to be insignificant.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Chinese Mainland. The Group has estimated the fair value of these unlisted investments by using the market approach based on the market interest rates of instruments with similar terms and risks and asset-based approach based on the general concept that the earning power of a business entity is derived primarily from its existing assets.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments as at 30 June 2024 and 31 December 2023:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Equity investments designated at fair value through other comprehensive income				
Suzhou Xinjingtian Business Land Development Co., Ltd.	Asset-based approach	Unit price (RMB per sq.m.)	30 June 2024:	5% increase/(decrease) in discount would result in increase/(decrease) in fair value by RMB3,804,000/ (RMB3,804,000)
			31 December 2023:	5% increase/(decrease) in discount would result in increase/(decrease) in fair value by RMB4,203,000/ (RMB4,203,000)

## Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2024:

	Fair value measurement using			Total <i>RMB'000</i> (Unaudited)
	Quoted prices in active markets Level 1 <i>RMB'000</i> (Unaudited)	Significant observable inputs Level 2 <i>RMB'000</i> (Unaudited)	Significant unobservable Level 3 <i>RMB'000</i> (Unaudited)	
Equity investments designated at fair value through other comprehensive income	–	–	4,826	4,826

As at 31 December 2023:

	Fair value measurement using			Total <i>RMB'000</i> (Audited)
	Quoted prices in active markets Level 1 <i>RMB'000</i> (Audited)	Significant observable inputs Level 2 <i>RMB'000</i> (Audited)	Significant unobservable Level 3 <i>RMB'000</i> (Audited)	
Equity investments designated at fair value through other comprehensive income	–	–	4,950	4,950

The movements in fair value measurements in Level 3 during the reporting period are as follows:

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
At 1 January	<b>4,950</b>	70,673
Remeasurement recognised in other comprehensive (loss)/income	<u><b>(124)</b></u>	<u>871</u>
At 30 June	<u><b>4,826</b></u>	<u>71,544</u>

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2023: Nil).

#### **17. EVENTS AFTER THE REPORTING PERIOD**

There was no other significant event subsequent to 30 June 2024.

#### **18. APPROVAL OF THE FINANCIAL STATEMENTS**

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 28 August 2024.



## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

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

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

The Group’s focus on city environment, citizen wellbeing and commitment to customer satisfaction has shaped its brand image for high-calibre services. The Group’s commitment to quality services has earned the Group numerous industry awards and recognitions. The Group has been recognized as one of the Top 100 Property Management Companies of China for nine consecutive years since 2016 and was ranked 33rd among the 2024 Top 100 Property Management Companies of China (2024 中國物業服務百強企業) by China Index Academy (“**CIA**”)\* in terms of overall strength. The Group was honoured as one of the “Leading Smart City Services Companies in China” (2024 中國智慧城市服務領先企業) by CIA in 2024 and Shishan Financial Innovation Center, the project under management, was accredited as “China Five-Star Property Service Project in 2024 (2024中國五星級物業服務項目)”.

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

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

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

As of 30 June 2024, the Group was contracted to provide public facility management services, basic commercial property management services and basic residential property management services to 146 projects in China, with a total contracted gross floor area (“GFA”) of approximately 18.0 million square metres (“sq.m.”), representing an increase of 14.6% compared with 30 June 2023, among which 139 projects with a total GFA of over 16.5 million sq.m. were under the Group's management.

## BUSINESS REVIEW

During the six months ended 30 June 2024, the Group derived its revenue primarily from four business lines, namely, (i) city services; (ii) commercial property management services; (iii) residential property management service; and (iv) property leasing services.

### Portfolio of Properties under Management

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

	As of 30 June			
	2024		2023	
	Number of projects	GFA under management <i>sq.m.'000</i>	Number of projects	GFA under management <i>sq.m.'000</i>
Public facility management services	47	3,849.4	44	3,453.1
Basic commercial property management services	61	9,506.6	44	7,943.7
Basic residential property management services	31	3,151.6	23	3,325.5
<b>Total</b>	<b>139</b>	<b>16,507.6</b>	<b>111</b>	<b>14,722.3</b>

## ***City Services***

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

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

The Group offers municipal infrastructure services including cleaning, greening, maintenance, regular inspection and refurbishment services to ensure the cleanliness and normal operations of public infrastructure under the Group's management, including city roads, external walls of buildings along main city roads, street lamps, water supply network, as well as tram and tram platforms. The Group charges service fees based on the length of roads or GFA of the site area covered by its services. As of 30 June 2024, the Group provided municipal infrastructure services to 32 projects.

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

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

As of 30 June 2024, GFA of public facilities under the Group's management was approximately 3.8 million sq.m..

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

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

As of 30 June 2024, the Group had three waste collection centres with the maximum capacity to process a total of 1,200 tons of household waste per day and 50 tons of bulky waste per day.

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

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

As of 30 June 2024, the Group provided basic commercial property management services to 61 commercial properties with a total GFA under management of approximately 9.5 million sq.m., and 31 residential properties with a total GFA under management of approximately 3.2 million sq.m..

## ***Property Leasing***

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

As of 30 June 2024, the average occupancy rate of the Group's leased properties was approximately 39.0%. The Group recorded a decrease in average occupancy rate from approximately 60.05% in the six months ended 30 June 2023 to approximately 39.0% in the six months ended 30 June 2024, primarily due to the fact that Jinlin Apartment (金鄰公寓), as the Company's largest property leasing project, accounted for 85% of the Company's overall leasable area, and the lower-than-expected capacity utilization rate of enterprises in the surrounding area during the reporting period resulted in a decrease in the occupancy demand of corporate employees, especially for residential properties, resulting in the lower occupancy rate for Jinlin Apartment than in the same period in 2023.

## **OUTLOOK**

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

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

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

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

## FINANCIAL REVIEW

### Revenue

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

	Six months ended 30 June			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
	(Unaudited)		(Unaudited)	(Restated)
<b>City services</b>	<b>288,319</b>	<b>64.5%</b>	206,069	59.1%
— Municipal infrastructure services	172,674	38.6%	106,796	30.6%
— Public facility management services	85,328	19.1%	69,636	20.0%
— Operation of waste collection centers	30,317	6.8%	29,637	8.5%
<b>Commercial property management services</b>	<b>119,416</b>	<b>26.7%</b>	93,538	26.9%
— Basic property management services	105,042	23.5%	78,666	22.6%
— Value-added services	14,374	3.2%	14,872	4.3%
<b>Residential property management services</b>	<b>32,162</b>	<b>7.2%</b>	38,424	11.0%
— Basic property management services	21,757	4.9%	27,726	7.9%
— Value-added services	10,405	2.3%	10,698	3.1%
<b>Property leasing</b>	<b>7,642</b>	<b>1.6%</b>	10,750	3.0%
<b>Total</b>	<b>447,539</b>	<b>100.0%</b>	348,781	100.0%

Revenue of the Group increased by approximately 28.3% from approximately RMB348.8 million for the six months ended 30 June 2023 to approximately RMB447.5 million for the six months ended 30 June 2024, primarily reflecting the following:

- (i) revenue from city services increased by approximately 39.9% from approximately RMB206.1 million for the six months ended 30 June 2023 to approximately RMB288.3 million for the six months ended 30 June 2024, primarily due to the increase in revenue from municipal infrastructure services as a result of the expansion of integrated city services provided by the Group, as well as the addition of public facilities including cultural and sports complex and the railway station to which the Group offers property management services;
- (ii) revenue from commercial property management services increased by approximately 27.7% from approximately RMB93.5 million for the six months ended 30 June 2023 to approximately RMB119.4 million for the six months ended 30 June 2024, primarily due to the increase in the number of commercial property sales offices and industrial park projects under the Group's management, such as the public rental commercial office building of Four Seasons Rongyu (四季榮寓);
- (iii) revenue from residential property management services decreased by approximately 16.3% from approximately RMB38.4 million for the six months ended 30 June 2023 to approximately RMB32.2 million for the six months ended 30 June 2024, primarily due to the closure of the Haixu Lanting (海胥瀾庭) project;
- (iv) revenue from property leasing services decreased by approximately 28.9% from approximately RMB10.8 million for the six months ended 30 June 2023 to approximately RMB7.6 million for the six months ended 30 June 2024, primarily due to the decrease in the occupancy rate of Jinlin Apartment.

### **Cost of Sales**

The Group's cost of sales increased from approximately RMB274.5 million for the six months ended 30 June 2023 to approximately RMB359.5 million for the six months ended 30 June 2024 primarily due to the Group's new projects.

## Gross Profit and Gross Profit Margin

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

	Six months ended 30 June			
	2024	Gross profit margin	2023	Gross profit margin
	Gross profit RMB'000 (Unaudited)		Gross profit RMB'000 (Unaudited) (Restated)	
City services	58,660	20.3%	45,273	22.0%
Commercial property management services	21,908	18.3%	16,548	17.7%
Residential property management services	2,749	8.5%	3,470	9.0%
Property leasing	4,749	62.1%	9,040	84.1%
<b>Total</b>	<b>88,066</b>	<b>19.7%</b>	<b>74,331</b>	<b>21.3%</b>

The Group's gross profit increased by approximately 18.5% from approximately RMB74.3 million for the six months ended 30 June 2023 to approximately RMB88.1 million for the six months ended 30 June 2024, primarily due to business expansion.

The Group's gross profit margin remained stable during the period, primarily reflecting the following:

- (i) gross profit for city services increased by approximately 29.6% from approximately RMB45.3 million for the six months ended 30 June 2023 to approximately RMB58.7 million for the six months ended 30 June 2024, primarily due to the increase in revenue from municipal infrastructure services as a result of the expansion of integrated city services provided by the Group, as well as the addition of public facilities including cultural and sports complex and the railway station to which the Group offers property management services;
- (ii) gross profit for commercial property management services increased by approximately 32.4% from approximately RMB16.5 million for the six months ended 30 June 2023 to approximately RMB21.9 million for the six months ended 30 June 2024, primarily due to the increase in the number of commercial property sales offices and industrial park projects under the Group's management, such as the public rental commercial office building of Four Seasons Rongyu (四季榮寓);



- (iii) gross profit for residential property management services decreased by approximately 20.8% from approximately RMB3.5 million for the six months ended 30 June 2023 to approximately RMB2.7 million for the six months ended 30 June 2024, primarily due to the decrease in the profit of residential properties as a result of the closure of the Haixu Lanting (海胥瀾庭) project; and
- (iv) gross profit for property leasing services decreased by approximately 47.5% from approximately RMB9.0 million for the six months ended 30 June 2023 to approximately RMB4.7 million for the six months ended 30 June 2024, primarily due to the decrease in the occupancy rate of Jinlin Apartment.

### **Other Income and Gains**

The Group's other income and gains decreased by approximately 41.5% from approximately RMB11.5 million for the six months ended 30 June 2023 to approximately RMB6.7 million for the six months ended 30 June 2024, primarily due to the decrease in exchange differences, net.

### **Selling and Marketing Expenses**

The Group's selling and marketing expenses remained relatively stable at approximately RMB1.8 million and RMB1.6 million for the six months ended 30 June 2023 and 2024, respectively.

### **Administrative Expenses**

Administrative expenses remained relatively stable at approximately RMB28.0 million and RMB28.0 million for the six months ended 30 June 2023 and 2024, respectively.

### **Other Expenses**

Other expenses increased by approximately 20.9 times from approximately RMB0.6 million for the six months ended 30 June 2023 to RMB13.0 million for the six months ended 30 June 2024, primarily due to the loss on changes in fair value of investment properties.

### **Finance Costs**

Finance cost decreased by approximately 13.5% from approximately RMB7.9 million for the six months ended 30 June 2023 to RMB6.8 million for the six months ended 30 June 2024, primarily due to the decrease in interest rates of bank loans and the partial repayment of bank loans.

## **Income Tax Expense**

Income tax expenses increased by approximately 1.3% from approximately RMB12.8 million for the six months ended 30 June 2023 to approximately RMB13.0 million for the six months ended 30 June 2024, which was relatively stable compared to the same period in 2023.

## **Profit for the period**

As a result of the foregoing, profit for the period decreased by approximately 6.3% from approximately RMB34.5 million for the six months ended 30 June 2023 to approximately RMB32.4 million for the six months ended 30 June 2024, primarily due to the increase in other expenses.

## **Property, Plant and Equipment**

Property, plant and equipment remained relatively stable at approximately RMB392.6 million as of 31 December 2023 and RMB381.3 million as of 30 June 2024.

## **Investment Properties**

The value of the Group's investment properties, which mainly represented commercial properties and rental apartments, amounted to approximately RMB332.7 million and RMB322.2 million as of 31 December 2023 and 30 June 2024, respectively, primarily due to the decrease in the fair value of Jinlin Apartment.

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

As of 30 June 2024, the Group recorded equity investments designated at fair value through other comprehensive income of approximately RMB4.8 million (31 December 2023: approximately RMB5.0 million).

Equity investments designated at fair value through other comprehensive income reflect the value of the Group's investment in Suzhou Xinjingtian, details of which are set out below:

		Percentage of equity attributes as of 30 June 2024	Investment costs RMB'000	Fair value through other comprehensive income as of 30 June 2024 RMB'000	Size relative to the Company's total assets as of 30 June 2024	Fair value loss as of 30 June 2024 RMB'000
	<b>Principal Business</b>					
Suzhou Xinjingtian	Property development and leasing	8%	24,000	4,826	0.3%	124

No dividends were received on the above investments during the six months ended 30 June 2024 (31 December 2023: Nil).

The Group's equity investments designated at fair value through other comprehensive income as at 30 June 2024 were relatively stable as compared with that of 31 December 2023.

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

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

### **Trade Receivables**

Trade receivables are amounts due from independent third-party customers for services the Group performed in its ordinary course of business. The Group's trade receivables increased by approximately 31.2% from approximately RMB295.1 million as of 31 December 2023 to approximately RMB387.2 million as of 30 June 2024, primarily due to the expansion of the city services and payments in relation to various integrated city services projects were not yet settled, resulting in an increase in trade receivables.

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

The Group's prepayments, other receivables and other assets remained relatively stable at approximately RMB28.6 million and RMB28.6 million as at 31 December 2023 and for the six months ended 30 June 2024, respectively.

## **Trade Payables**

Trade payables primarily represent the Group's obligations to pay for services acquired in the ordinary course of business from independent third-party subcontractors and construction parties of waste collection centres. The Group's trade payables increased by approximately 25.4% from approximately RMB301.3 million as of 31 December 2023 to approximately RMB377.8 million as of 30 June 2024, primarily due to the payments in relation to various integrated city services projects were not yet settled, resulting in an increase in trade payables due to subcontractors.

## **Other Payables and Accruals**

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

The Group's other payables and accruals remained relatively stable at approximately RMB110.2 million as of 31 December 2023 and RMB101.0 million as of 30 June 2024.

## **Contract Liabilities**

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

The Group's contract liabilities decreased by approximately 24.3% from approximately RMB53.7 million as at 31 December 2023 to RMB40.6 million for the six months ended 30 June 2024, primarily due to the decrease in receipts in advance.

## Net Current Assets

The Group's total current assets increased by approximately 1.6% from approximately RMB868.0 million as of 31 December 2023 to approximately RMB881.8 million as of 30 June 2024, primarily due to the expansion of the city services and increase in projects, resulting in an increase in trade receivables. Total current liabilities increased by approximately 9.9% from approximately RMB510.9 million as of 31 December 2023 to approximately RMB561.6 million as of 30 June 2024, primarily due to the increase in trade payables. As a result, the Group's net current assets decreased by approximately 10.3% from approximately RMB357.1 million as of 31 December 2023 to approximately RMB320.3 million as of 30 June 2024.

## LIQUIDITY AND CAPITAL RESOURCES

The Group's main source of liquidity mainly came from cash flow from operations and interest-bearing borrowings. As of 30 June 2024, cash and cash equivalents of the Group amounted to approximately RMB313.8 million, of which RMB190.6 million was denominated in RMB and HK\$135.0 million (equivalent to approximately RMB123.2 million) was denominated in Hong Kong dollars (31 December 2023: approximately RMB397.3 million, of which RMB237.7 million was denominated in RMB and HK\$176.1 million was denominated in Hong Kong dollars).

### Bank Borrowings

As of 30 June 2024, interest-bearing bank loans of the Group amounted to approximately RMB114.1 million (31 December 2023: approximately RMB119.1 million), all of the Group's borrowings were denominated in Renminbi and carried at fixed rates.

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

	<b>30 June 2024</b>	31 December 2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Current		
— Current portion of long-term bank loans — secured	<b>10,000</b>	10,000
Non-current		
— Bank loans — secured	<b>104,063</b>	109,063
<b>Total</b>	<b>114,063</b>	119,063

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

	<b>30 June 2024</b>	31 December 2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Repayable within one year or on demand	<b>10,000</b>	10,000
Repayable within two to five years, inclusive	<b>40,000</b>	40,000
Beyond five years	<b>64,063</b>	69,063
	<hr/>	<hr/>
<b>Total</b>	<b>114,063</b>	119,063
	<hr/> <hr/>	<hr/> <hr/>

### **Other Liabilities**

As of 30 June 2024, the Group recorded other liabilities of approximately RMB175.6 million (31 December 2023: approximately RMB174.0 million). Other liabilities arose from an earmarked governmental loan granted by the Suzhou Finance Bureau to Suzhou Xingang Municipal Greening Service Co., Ltd.\* (蘇州新港市政綠化服務有限公司), a subsidiary of the Company, with nominal value of RMB200.0 million, an annual nominal interest rate of 3.37% payable semiannually and a maturity date on 27 February 2030 to facilitate the construction of waste collection centres.

### **Pledge of Assets**

As of 30 June 2024, the Group's bank loan of approximately RMB114.1 million were secured by certain investment properties and buildings of the Group with an aggregated carrying value of RMB52.4 million (31 December 2023: approximately RMB119.1 million with an aggregated carrying value of RMB54.0 million).

### **Gearing Ratio**

Gearing ratio is calculated based on total bank loans and other liabilities divided by total equity as of the end of that period. The Group's gearing ratio for the six months ended 30 June 2024 was 35.8% (31 December 2023: 36.1%).

## **Contingent Liabilities**

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

## **Capital Expenditures**

The Group's capital expenditure primarily represented expenditures incurred for purchase of property, plant and equipment and additions to leasehold land. During the six months ended 30 June 2024, the Group incurred capital expenditures of approximately RMB13.3 million (31 December 2023: RMB49.0 million).

## **MARKET RISK ANALYSIS**

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

### **Credit Risk**

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

### **Liquidity Risk**

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

## **Foreign Exchange Risk**

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

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

The Company did not have any significant investment or significant acquisition and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

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

Pursuant to the announcements of the Company dated 29 April 2024 and 21 May 2024, the Company successfully won the bidding for the land use rights of the land parcel no. Su Land 2024-WG-S03 (蘇地2024-WG-S03號) (the “**Land**”) in Gaoxin District, Suzhou, Jiangsu Province, the PRC offered for sale by Suzhou Natural Resources and Planning Bureau through a public tender.

On 21 May 2024, Suzhou Natural Resources and Planning Bureau and the Company entered into the agreement pursuant to which the Company has agreed to acquire, and Suzhou Natural Resources and Planning Bureau has agreed to disposed of, the land use rights of the Land in Suzhou at a consideration of RMB49.57 million, equivalent to the official initial price of the bid of RMB49.57 million (tax inclusive), payable in two installments: (i) 50% of which shall be payable within three working days from the date of the agreement; (ii) the remaining 50% of which shall be payable before 8 August 2024. As of the date of this announcement, the Company has fully paid the consideration of the Land in Suzhou.

Save as disclosed above, as at 30 June 2024, the Company did not have any future plans for material investments or additions of capital assets.

## **SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD**

No event has taken place subsequent to 30 June 2024 and up to the date of this announcement that may have a material impact on the Group's operating and financial performance that needs to be disclosed.



## PROCEEDS FROM LISTING

The Company raised net proceeds from the Global Offering (taking into account of the net proceeds of HK\$8.78 million received from the partial exercise of the Over-allotment Option) in the amount of approximately HK\$176.3 million (the “**Net Proceeds**”).

Pursuant to the Company’s announcement dated 27 April 2023 (the “**2023 UOP Announcement**”), the Company adjusted the intended use and allocation of the Net Proceeds on 27 April 2023 such that the unutilized Net Proceeds in the amount of approximately HK\$38.8 million from “strategic investments” and all the unutilized Net Proceeds in the amount of approximately HK\$14.1 million from “investments in companies providing elderly care, nursing and medical services” under “expansion and diversification of value-added services” (i.e. a total of unutilized Net Proceeds of approximately HK\$52.9 million) were re-allocated to fund the “acquisition of office building in Hong Kong for own use and leasing” under “acquisition”.

Pursuant to the Company’s announcement dated 29 April 2024 (the “**2024 UOP Announcement**”), after consideration, the Company has resolved to re-allocate HK\$52.9 million of the Net Proceeds from the subcategories of “Acquisition of office building in Hong Kong for own use and leasing” to fund a new subcategory of “Acquisition of the land in the PRC” under the major category of “Acquisition”.

The Company intends to utilise the Net Proceeds according to the plans set out in the section headed “Future Plans and Use of Proceeds” in the prospectus dated 10 August 2022 and the 2024 UOP Announcement. Save as disclosed in the 2023 UOP Announcement and the 2024 UOP Announcement, there are no other changes on the use of the remaining unutilized Net Proceeds.

An analysis of the utilization of the Net Proceeds as at 30 June 2024 is set out below:

Proposed use of Net Proceeds	Major categories	Sub-categories/Specific plans	Unutilised Net Proceeds after		Utilised Net Proceeds before change in use on 29 April 2024	Unutilised Net Proceeds after		Net Proceeds utilised during the six months ended 30 June 2024	Unutilised Net Proceeds as of 30 June 2024	Expected time of full utilisation	
			Planned use of Net Proceeds as set out in the Prospectus	the revised allocation as stated in the 2023 UOP Announcement		Unutilised Net Proceeds as of 1 January 2024	the revised allocation as stated in the 2024 UOP Announcement				
			(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)		
Acquisitions	Acquisitions of other property management companies and companies providing city services and property management services		52.9	50.04	47.19	5.71	47.19	47.19	0	47.19	By 31 December 2024
	Acquisition of office building in Hong Kong for own use and leasing		N/A	52.9	52.9	0	52.9	0 <sup>(1)</sup>	N/A	N/A	N/A
	Acquisition of the Land in the PRC		N/A	N/A	N/A	N/A	N/A	52.9	16.12	36.78	By 31 December 2024
Strategic Investments	Investments in waste collection centers and companies providing operational and management services to waste collection centers		52.9	14.1	0	14.1	0	0	0	0	By 31 December 2024
Expansion and diversification of value-added services	Establishment of the Group's own brand "Suxin Leju (蘇新樂居)" and launch of apartment management and operational services for housing for talents		26.4	26.4 <sup>(2)</sup>	24.84	1.56	24.84	24.84	0.73	24.11	By 31 December 2024 <sup>(2)</sup>
	Investments in companies providing elderly care, nursing and medical services		14.1	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Technological investment	Investments in the Group's Technologies and Intelligent Operations		7.1	6.41	0.99	6.11	0.99	0.99	0.99	0	By 31 December 2024
Talent Training and Retention			5.3	5.01	0	5.3	0	0	0	0	By 31 December 2024
Working capital and other general corporate purposes			17.6	3.31	0	17.6	0	0	0	0	By 31 December 2024
	<b>Total</b>		<b>176.30</b>	<b>158.17</b>	<b>125.92</b>	<b>50.38</b>	<b>125.92</b>	<b>125.92</b>	<b>17.84</b>	<b>108.08</b>	

*Notes:*

- (1) Funds were reallocated to support the Company's acquisition of the Land in Suzhou. Please refer to the section headed "Future Plans for Material Investments or Capital Assets" above for details.
- (2) According to the Prospectus, approximately HK\$17.6 million of the Net Proceeds allocated for the "establishment of the Group's own brand "Suxin Leju (蘇新樂居)" and launch of apartment management and operational services for housing for talents" should be utilised by 31 December 2023. Since the Listing, the Company has been actively communicating with the Housing and Construction Bureau of Suzhou Hi-Tech District (Huqiu District) in relation to the launch of management and operation services for housing for talent, and successfully entered into a government procurement contract as at 1 January 2024. Therefore, the actual timeline of utilisation is delayed. For the six months ended 30 June 2024, the net proceeds for this purpose were 24.11.

As of 30 June 2024, the Directors are not aware of any material change in the planned use of the Net Proceeds. The remaining Net Proceeds which had not been utilized were placed in short-term demand deposits with licensed financial institution. The unutilised Net Proceeds and the above timeline of intended utilization will be applied in the manners disclosed by the Company. However, the expected timeline for the unutilised Net Proceeds is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of the Group's business and the market conditions.

## **EMPLOYEES AND REMUNERATION POLICY**

As of 30 June 2024, the Group had a total of 1,639 full-time employees (31 December 2023: 1,647). For the six months ended 30 June 2024, the staff cost recognised as expenses of the Group amounted to approximately RMB92.6 million (30 June 2023: approximately RMB85.8 million).

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

As of 30 June 2024, there was no share incentive schemes of the Company.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company aims to achieve high standards of corporate governance which are crucial to the development of the Group and would safeguard the interests of the Company's shareholders.

Code provision B.2.2 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**") provides that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. As disclosed in the announcement of the Company dated 2 April 2024, the term of the first session of the Board and the Supervisory Committee of the Company expired on 15 April 2024. As the election of the new session of the Board and the Supervisory Committee was still in preparation at that time, in order to ensure the continuity of the relevant work of the Company, the election of the new session of the Board and the Supervisory Committee had been postponed accordingly. The term of the directors of the first session of the Board and the term of the supervisors of the first session of the Supervisory Committee had been extended till the election of the second session of the Board and the Supervisory Committee at the annual general meeting of the Company for 2023 and the official date of term of office, and the term of each special committee of the Board and the Supervisory Committee has been extended correspondingly. As disclosed in the announcement of the Company dated 9 April 2024, the Company has completed the nomination of director candidates for the second session of the Board and supervisor candidates for the second session of the Supervisory Committee, and announced the list of director candidates for the second session of the Board and shareholder representative supervisor candidates for the second session of the Supervisory Committee. The list of candidates has been submitted to the annual general meeting of the Company for 2023 for consideration and approval by the shareholders of the Company. The election of the new session of the Board and the Supervisory Committee has been completed after approved at the annual general meeting held on 14 June 2024. Since then, the Company has complied with code provision B.2.2 of the Corporate Governance Code.

During the six months ended 30 June 2024, the Company has applied the principles of good corporate governance and complied with the code provisions set out in Part 2 of the Corporate Governance Code, save for the deviation from code provision B.2.2 as disclosed above.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct for dealings in the securities of the Company by the Directors and supervisors.

Specific enquiry has been made to all the Directors and the supervisors and they have confirmed that they have complied with the Model Code during the six months ended 30 June 2024.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares) during the six months ended 30 June 2024.

As of 30 June 2024, the Group did not hold any treasury shares.

## **INTERIM DIVIDEND**

The Board resolved not to declare any interim dividend for the six months ended 30 June 2024.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) comprises three members namely, Ms. Li Xin (a non-executive Director), Ms. Xin Zhu and Mr. Liu Xin (both are independent non-executive Directors), with Ms. Xin Zhu being the chairlady of the Audit Committee.

## **REVIEW OF INTERIM RESULTS**

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024, including the applicable accounting policies and accounting standards adopted by the Group, and considers that such statements have been prepared in compliance with the applicable Listing Rules.

The financial information set out in this announcement represents an extract from the interim condensed consolidated financial information for the six months ended 30 June 2024, which is unaudited but has been reviewed by the auditor of the Company, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants.

## **PUBLICATION OF INTERIM RESULTS AND 2024 INTERIM REPORT**

This announcement is published on the websites of the Company ([www.suxinfuwu.com](http://www.suxinfuwu.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2024 interim report will be available on the websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 28 August 2024

*As at the date of this announcement, the Board comprises Mr. Cui Xiaodong, Mr. Zhou Jun and Mr. Chen Mingdong as executive Directors; Ms. Li Xin, Mr. Cao Bin and Mr. Zhang Jun as non-executive Directors; Ms. Zhou Yun, Ms. Xin Zhu and Mr. Liu Xin as independent non-executive Directors.*