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Roiserv Lifestyle Services Co., Ltd.

榮萬家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: 2146)

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

2023 RESULTS HIGHLIGHTS

- Total revenue of the Group for the Relevant Year amounted to approximately RMB1,831.9 million, representing a year-on-year decrease of approximately 9.1%.
- Gross profit of the Group for the Relevant Year amounted to approximately RMB456.9 million, representing a year-on-year decrease of approximately 28.9%.
- Gross profit margin for the Relevant Year was approximately 24.9%, representing a year-on-year decrease of approximately 6.9 percentage points.
- Net profit of the Group for the Relevant Year amounted to approximately RMB130.7 million, representing a year-on-year decrease of approximately 46.8%.
- Profit attributable to the owners of the Company for the Relevant Year amounted to approximately RMB126.3 million, representing a year-on-year decrease of approximately 47.8%.
- Contracted GFA for the Relevant Year was approximately 101.1 million sq.m., representing an increase of approximately 3.5 million sq.m..
- GFA under management for the Relevant Year was approximately 83.6 million sq.m., representing an increase of approximately 10.3 million sq.m..
- The Board does not recommend the payment of a final dividend for the year ended December 31, 2023.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Roiserv Lifestyle Services Co., Ltd. (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended December 31, 2023 (the “**Relevant Year**”) with the comparative audited figures for the preceding financial year, in accordance with the China Accounting Standards for Business Enterprises (“**CASBE**”), as follows:

CONSOLIDATED BALANCE SHEET

As at December 31

Unit: RMB

Item	Notes	December 31, 2023	December 31, 2022
Current assets:			
Cash at bank and on hand		678,633,118.81	851,483,750.31
Settlement reserve		0.00	0.00
Placements with banks and non-bank financial institutions		0.00	0.00
Financial assets held-for-trading		0.00	0.00
Derivative financial assets		0.00	0.00
Notes receivable	II.4	0.00	2,197,656.75
Accounts receivable	II.5	2,092,264,694.24	2,004,744,304.65
Receivables financing		0.00	0.00
Prepayments	II.6	149,138,378.60	84,018,088.00
Insurance premium receivable		0.00	0.00
Reinsurance premium receivable		0.00	0.00
Reserves for reinsurance contracts receivable		0.00	0.00
Other receivables	II.7	786,037,402.47	696,383,000.98
Including: Interest receivable		9,339,290.39	0.00
Dividends receivable		0.00	0.00
Financial assets held under resale agreements		0.00	0.00
Inventories	II.8	54,760,705.59	46,314,232.27
Contract assets	II.9	28,149,875.98	27,838,699.18
Assets held for sale		0.00	0.00
Non-current assets due within one year		1,872,205.80	1,872,205.80
Other current assets		20,489,744.48	13,530,669.90
Total current assets		3,811,346,125.97	3,728,382,607.84

CONSOLIDATED BALANCE SHEET (CONTINUED)*As at December 31**Unit: RMB*

Item	<i>Notes</i>	December 31, 2023	December 31, 2022
Non-current assets:			
Loans and advances granted		0.00	0.00
Debt investments		0.00	0.00
Other debt investments		0.00	0.00
Long-term receivables		6,025,040.65	7,043,303.54
Long-term equity investments		104,126,398.72	101,642,922.94
Investment in other equity instruments		0.00	0.00
Other non-current financial assets		0.00	0.00
Investment properties		55,309,069.00	60,841,725.00
Fixed assets		36,411,987.89	39,780,882.21
Construction in progress		436,246.68	0.00
Productive biological assets		0.00	0.00
Oil and gas assets		0.00	0.00
Right-of-use assets		2,509,842.11	9,642,256.07
Intangible assets	<i>II.10</i>	10,571,332.75	6,279,308.44
Development expenses		0.00	0.00
Goodwill		0.00	0.00
Long-term prepaid expenses		14,034,541.81	13,722,881.31
Deferred income tax assets		109,855,422.71	81,794,997.90
Other non-current assets		3,599,181.00	3,599,181.00
Total non-current assets		<u>342,879,063.32</u>	<u>324,347,458.41</u>
Total assets		<u>4,154,225,189.29</u>	<u>4,052,730,066.25</u>

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at December 31

Unit: RMB

Item	Notes	December 31, 2023	December 31, 2022
Current liabilities:			
Short-term borrowings		2,000,000.00	0.00
Loans from central bank		0.00	0.00
Placements from banks and other financial institutions		0.00	0.00
Financial liabilities held-for-trading		0.00	0.00
Derivative financial liabilities		0.00	0.00
Notes payable		0.00	0.00
Accounts payable	II.11	859,998,232.83	820,764,783.52
Receipt in advance	II.12	3,854,809.60	2,958,279.78
Contract liabilities	II.13	391,835,268.79	332,494,916.99
Amount from sales of repurchased financial assets		0.00	0.00
Deposits from customers and other banks		0.00	0.00
Brokerage for securities trading		0.00	0.00
Brokerage for underwriting securities		0.00	0.00
Staff remuneration payable		93,814,976.86	82,856,590.18
Taxes payable		101,206,242.59	96,838,881.23
Other payables	II.14	565,706,023.66	557,557,391.05
Including: Interest payable		0.00	0.00
Dividends payable		74,105,400.00	0.00
Fee and commission payable		0.00	0.00
Reinsured accounts payable		0.00	0.00
Liabilities held for sale		0.00	0.00
Non-current liabilities due within one year		4,641,065.72	24,414,775.60
Other current liabilities		19,965,629.47	17,091,949.20
Total current liabilities		2,043,022,249.52	1,934,977,567.55
Non-current liabilities:			
Reserves for insurance contracts		0.00	0.00
Long-term borrowings		0.00	1,114,454.89
Bonds payable		0.00	0.00
Including: Preference shares		0.00	0.00
Perpetual bonds		0.00	0.00
Lease liabilities		11,079,518.38	9,319,661.12
Long-term payables		0.00	29,352.50
Long-term staff remuneration payable		0.00	0.00
Estimated liabilities		0.00	0.00
Deferred income		0.00	0.00
Deferred income tax liabilities		7,006,086.25	7,897,486.29
Other non-current liabilities		0.00	0.00
Total non-current liabilities		18,085,604.63	18,360,954.80
Total liabilities		2,061,107,854.15	1,953,338,522.35

CONSOLIDATED BALANCE SHEET (CONTINUED)*As at December 31**Unit: RMB*

Item	<i>Notes</i>	December 31, 2023	December 31, 2022
Shareholders' equity:			
Share capital	<i>II.15</i>	376,000,000.00	376,000,000.00
Other equity instruments		0.00	0.00
Including: Preference shares		0.00	0.00
Perpetual bonds		0.00	0.00
Capital reserve	<i>II.16</i>	984,630,205.10	1,033,062,617.44
Less: Treasury shares		0.00	0.00
Other comprehensive income		0.00	0.00
Special reserve		0.00	0.00
Surplus reserve	<i>II.17</i>	96,749,261.49	87,664,656.42
Provision for general risks		0.00	0.00
Undistributed profit		616,817,866.41	593,674,477.93
Total equity attributable to shareholders of the parent company		<u>2,074,197,333.00</u>	<u>2,090,401,751.79</u>
Minority interests		<u>18,920,002.14</u>	<u>8,989,792.11</u>
Total shareholders' equity		<u>2,093,117,335.14</u>	<u>2,099,391,543.90</u>
Total liabilities and shareholders' equity		<u>4,154,225,189.29</u>	<u>4,052,730,066.25</u>

CONSOLIDATED INCOME STATEMENT
Year ended December 31

Unit: RMB

Item	Notes	2023	2022
I. Total operating income		1,831,896,676.99	2,014,869,917.97
Including: Operating income	<i>II.18</i>	1,831,896,676.99	2,014,869,917.97
Interest income		0.00	0.00
Premium earned		0.00	0.00
Handling charges and commission income		0.00	0.00
II. Total operating cost		1,514,545,544.98	1,541,621,102.27
Including: Operating cost		1,375,015,348.60	1,372,399,003.60
Interest expenses		0.00	0.00
Handling charges and commission expenses		0.00	0.00
Refunded premiums		0.00	0.00
Net amount of compensation payout		0.00	0.00
Net provisions for insurance reserve		0.00	0.00
Policy dividend payment		0.00	0.00
Reinsurance expenses		0.00	0.00
Taxes and surcharges		9,468,320.15	11,407,263.83
Selling expenses		8,194,568.58	7,171,994.64
Administrative expenses		131,874,520.89	171,497,104.50
Research and development expenses		0.00	0.00
Finance costs		-10,007,213.24	-20,854,264.30
Including: Interest expenses		457,752.71	925,922.00
Interest income		14,935,330.28	1,558,365.44
Add: Other income		9,775,367.72	18,194,195.10
Investment income			
(Loss marked with “-”)		-583,602.24	-22,063,577.06
Including: Investment income			
from associates and joint ventures		2,483,475.78	-3,339,226.79
Gain on derecognition of financial assets measured at amortized cost		0.00	0.00
Exchange gain			
(Loss marked with “-”)		0.00	0.00
Net gain on exposure hedging			
(Loss marked with “-”)		0.00	0.00
Gain on change in fair value			
(Loss marked with “-”)		-328,857.08	622,171.00
Loss on impairment of credit			
(Loss marked with “-”)		-157,502,124.94	-144,257,662.70
Impairment losses on assets			
(Loss marked with “-”)		77,631.49	2,257,394.48
Gains from disposal of asset			
(Loss marked with “-”)		-58,860.33	0.00

CONSOLIDATED INCOME STATEMENT (CONTINUED)

Year ended December 31

Unit: RMB

Item	Notes	2023	2022
III. Operating profit (Loss marked with “-”)		168,730,686.63	328,001,336.52
Add: Non-operating income		2,296,945.54	769,852.66
Less: Non-operating expenses		<u>4,368,544.06</u>	<u>3,371,303.79</u>
IV. Total profit (Total loss marked with “-”)		166,659,088.11	325,399,885.39
Less: Income tax expenses	II.19	<u>35,966,964.17</u>	<u>79,824,226.57</u>
V. Net profits (Net loss marked with “-”)		130,692,123.94	245,575,658.82
(I) Classified by business continuity		130,692,123.94	245,575,658.82
1. Net profits from continuing operations (Net loss marked with “-”)		130,692,123.94	245,575,658.82
2. Net profits from discontinued operations (Net loss marked with “-”)		0.00	0.00
(II) Classified by ownership		130,692,123.94	245,575,658.82
1. Net profit attributable to owners of parent company (Net loss marked with “-”)		126,327,993.55	242,127,270.52
2. Profit or loss of minority shareholders (Net loss marked with “-”)		<u>4,364,130.39</u>	<u>3,448,388.30</u>
VI. Net other comprehensive income after tax		0.00	0.00
Net other comprehensive income after tax attributable to owners of the parent company		0.00	0.00
(I) Other comprehensive income that may not be reclassified into profit or loss		0.00	0.00
1. Change in remeasurement of defined benefit plans		0.00	0.00
2. Other comprehensive income not converted into profit or loss under equity method		0.00	0.00
3. Changes in fair value of investments in other equity instruments		0.00	0.00
4. Changes in the fair value of the company’s own credit risk		0.00	0.00
5. Others		0.00	0.00

CONSOLIDATED INCOME STATEMENT (CONTINUED)*Year ended December 31**Unit: RMB*

Item	<i>Notes</i>	2023	2022
(II) Other comprehensive income that will be reclassified into profit and loss		0.00	0.00
1. Other comprehensive income converted into profit or loss under the equity method		0.00	0.00
2. Changes in fair value of other debt investments		0.00	0.00
3. Reclassification of financial assets to other comprehensive income		0.00	0.00
4. Provision for credit impairment of other debt investments		0.00	0.00
5. Cash flow hedge reserves (effective portion of cash flow hedge gains and losses)		0.00	0.00
6. Exchange differences arising from translation of foreign currency financial statements		0.00	0.00
7. Others		0.00	0.00
Net other comprehensive income after tax attributable to minority interests		0.00	0.00
VII. Total comprehensive income		130,692,123.94	245,575,658.82
Total comprehensive income attributable to shareholders of the parent company		126,327,993.55	242,127,270.52
Total comprehensive income attributable to minority interests		4,364,130.39	3,448,388.30
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	<i>II.20</i>	0.34	0.64
(II) Diluted earnings per share (RMB/share)	<i>II.20</i>	0.34	0.64

NOTES TO THE ITEMS IN THE FINANCIAL STATEMENTS

I. GENERAL INFORMATION

1 General Information

Roiserv Lifestyle Services Co., Ltd. (the “**Company**”) was incorporated in the People’s Republic of China (the “**PRC**”) on November 2, 2000 as a limited liability company under the Company Law of the PRC. The address of the Company’s registered office is Office Building No. 9, Ping’an Street, South Xia’an Highway, Xianghe County Development Zone, Langfang City, Hebei Province, PRC.

The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the provision of property management and related value-added services in the PRC.

The Company’s parent company was RiseSun Real Estate Development Co., Ltd.* (榮盛房地產發展股份有限公司) (“**RiseSun Development**”), a company incorporated in the PRC and its shares are listed on Shenzhen Stock Exchange Co., Ltd. RiseSun Development and its affiliates (excluding the Group) are referred to as RiseSun Group. The ultimate holding company is RiseSun Holdings Co., Ltd.* (榮盛控股股份有限公司) (the “**Ultimate Controlling Company**”), a limited liability investment holding company incorporated in the PRC.

On April 23, 2020, the Company was converted from a limited liability company into a joint stock company with limited liability.

On January 15, 2021, the Company’s H shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing**”).

Unless otherwise stated, the Company’s financial information is presented in Renminbi (“**RMB**”), which is the Company’s functional currency.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 Basis of Preparation

The Group’s financial statements have been prepared on a going concern basis, based on transactions and events that have actually occurred, in accordance with the Accounting Standards for Business Enterprises (“**ASBE**”) issued by the Ministry of Finance and relevant regulations, as well as related disclosure requirements of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

2 Going Concern

The Group has a recent profitable operating history and is supported by financial resources. It is considered reasonable that the financial statements are prepared on a going concern basis.

3 Effect of Business Combination under Common Control on Opening Balance and That for the Corresponding Period of Last Year

On July 28, 2023, the Company entered into an equity transfer agreement with RiseSun Holdings Co., Ltd.* (榮盛控股股份有限公司) to acquire 70% equity interest in Wanjia Smart Environment (Beijing) Co., Ltd.* (萬家智慧環境(北京)有限公司) (“**Wanjia Smart**”) in cash for an acquisition price of RMB50,155,000.0. The Company and Wanjia Smart Environment (Beijing) Co., Ltd.* (萬家智慧環境(北京)有限公司) are both under the control of RiseSun Holdings Co., Ltd.* (榮盛控股股份有限公司) and such control is not temporary. Therefore, this merger and acquisition constitutes a combination of businesses under common control.

According to the relevant provisions of Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investment, Accounting Standards for Business Enterprises No. 20 – Business Combination and Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements, for a merger of controlling interest under common control, the reporting entity formed after the merger should be deemed to subsist as an integration since the date it came under the control of the ultimate controller. This should be reflected in the consolidated financial statements, which means for the reporting entity composed of the parent and subsidiaries formed after the merger, both its asset size and business performance should be continuously calculated. In preparing consolidated financial statements, no matter the merger occurred in any time in the reporting period, the consolidated income statement and the consolidated cash flow statement should reflect the profits or losses and cash flow of the reporting entity composed of the parent and subsidiaries for the period from the beginning of the period during which such merger occurred to the date of merger. Correspondingly, the item of retained earnings on consolidated balance sheet should reflect the realizable surplus reserve and undistributed profit of the parent and subsidiaries as of the date of merger as if the parent and subsidiaries had been operating as one entity; for a merger of controlling interest under common control, when preparing the consolidated financial statements for the period during which such merger occurred, adjustments should be made to the opening balances recorded on the consolidated balance sheet and the related items on the comparative statements as if the reporting entity after the merger had been existing in the previous period.

On August 31, 2023, the Company included Wanjia Smart in the consolidation, and adjusted the opening balance on the consolidated balance sheet, together with the relevant items on the consolidated income statement, consolidated cash flow statement and consolidated statement of changes in shareholders’ equity. The relevant items and changes in the financial statements at the beginning of the year before and after the combination are set out as follows:

CONSOLIDATED BALANCE SHEET

Unit: RMB

Item	December 31, 2022 (after mergers and acquisitions)	December 31, 2022 (before mergers and acquisitions)	Change in the opening amount resulting from mergers and acquisitions
Current assets:			
Cash and cash equivalents	851,483,750.31	848,846,927.69	2,636,822.62
Settlement reserve	0.00	0.00	0.00
Placements with banks and non-bank financial institutions	0.00	0.00	0.00
Financial assets held-for-trading	0.00	0.00	0.00
Derivative financial assets	0.00	0.00	0.00
Notes receivable	2,197,656.75	2,197,656.75	0.00
Accounts receivable	2,004,744,304.65	1,949,399,158.32	55,345,146.33
Receivables financing	0.00	0.00	0.00
Prepayments	84,018,088.00	82,773,348.13	1,244,739.87
Insurance premium receivable	0.00	0.00	0.00
Reinsurance premium receivable	0.00	0.00	0.00
Reserves for reinsurance contracts receivable	0.00	0.00	0.00
Other receivables	696,383,000.98	689,071,682.41	7,311,318.57
Including: Interest receivable	0.00	0.00	0.00
Dividends receivable	0.00	0.00	0.00
Financial assets held under resale agreements	0.00	0.00	0.00
Inventories	46,314,232.27	44,981,237.06	1,332,995.21
Contract assets	27,838,699.18	27,838,699.18	0.00
Assets held for sale	0.00	0.00	0.00
Non-current assets due within one year	1,872,205.80	1,872,205.80	0.00
Other current assets	13,530,669.90	12,556,863.39	973,806.51
Total current assets	3,728,382,607.84	3,659,537,778.73	68,844,829.11

Item	December 31, 2022 (after mergers and acquisitions)	December 31, 2022 (before mergers and acquisitions)	Change in the opening amount resulting from mergers and acquisitions
Non-current assets:			
Loans and advances granted	0.00	0.00	0.00
Debt investments	0.00	0.00	0.00
Other debt investments	0.00	0.00	0.00
Long-term receivables	7,043,303.54	7,043,303.54	0.00
Long-term equity investments	101,642,922.94	101,642,922.94	0.00
Investment in other equity instruments	0.00	0.00	0.00
Other non-current financial assets	0.00	0.00	0.00
Investment properties	60,841,725.00	60,841,725.00	0.00
Fixed assets	39,780,882.21	21,943,637.01	17,837,245.20
Construction in progress	0.00	0.00	0.00
Productive biological assets	0.00	0.00	0.00
Oil and gas assets	0.00	0.00	0.00
Right-of-use assets	9,642,256.07	342,031.55	9,300,224.52
Intangible assets	6,279,308.44	6,279,308.44	0.00
Development expenses	0.00	0.00	0.00
Goodwill	0.00	0.00	0.00
Long-term prepaid expenses	13,722,881.31	13,722,881.31	0.00
Deferred income tax assets	81,794,997.90	78,635,195.30	3,159,802.60
Other non-current assets	3,599,181.00	3,599,181.00	0.00
Total non-current assets	324,347,458.41	294,050,186.09	30,297,272.32
Total assets	4,052,730,066.25	3,953,587,964.82	99,142,101.43

Item	December 31, 2022 (after mergers and acquisitions)	December 31, 2022 (before mergers and acquisitions)	Change in the opening amount resulting from mergers and acquisitions
Current liabilities:			
Short-term borrowings	0.00	0.00	0.00
Loans from central bank	0.00	0.00	0.00
Placements from banks and other financial institutions	0.00	0.00	0.00
Financial liabilities held-for-trading	0.00	0.00	0.00
Derivative financial liabilities	0.00	0.00	0.00
Notes payable	0.00	0.00	0.00
Accounts payable	820,764,783.52	807,414,568.00	13,350,215.52
Receipt in advance	2,958,279.78	2,958,279.78	0.00
Contract liabilities	332,494,916.99	332,486,360.39	8,556.60
Amount from sales of repurchased financial assets	0.00	0.00	0.00
Deposits from customers and other banks	0.00	0.00	0.00
Brokerage for securities trading	0.00	0.00	0.00
Brokerage for underwriting securities	0.00	0.00	0.00
Staff remuneration payable	82,856,590.18	66,388,409.74	16,468,180.44
Taxes payable	96,838,881.23	92,830,085.13	4,008,796.10
Other payables	557,557,391.05	552,047,414.55	5,509,976.50
Including: Interest payable	0.00	0.00	0.00
Dividends payable	0.00	0.00	0.00
Fee and commission payable	0.00	0.00	0.00
Reinsured accounts payable	0.00	0.00	0.00
Liabilities held for sale	0.00	0.00	0.00
Non-current liabilities due within one year	24,414,775.60	1,872,205.80	22,542,569.80
Other current liabilities	17,091,949.20	17,091,435.80	513.40
Total current liabilities	1,934,977,567.55	1,873,088,759.19	61,888,808.36
Non-current liabilities:			
Reserves for insurance contracts	0.00	0.00	0.00
Long-term borrowings	1,114,454.89	0.00	1,114,454.89
Bonds payable	0.00	0.00	0.00
Including: Preference shares	0.00	0.00	0.00
Perpetual bonds	0.00	0.00	0.00
Lease liabilities	9,319,661.12	7,411,035.92	1,908,625.20
Long-term payables	29,352.50	0.00	29,352.50
Long-term staff remuneration payable	0.00	0.00	0.00
Estimated liabilities	0.00	0.00	0.00
Deferred income	0.00	0.00	0.00
Deferred income tax liabilities	7,897,486.29	2,408,341.67	5,489,144.62
Other non-current liabilities	0.00	0.00	0.00
Total non-current liabilities	18,360,954.80	9,819,377.59	8,541,577.21
Total liabilities	1,953,338,522.35	1,882,908,136.78	70,430,385.57

Item	December 31, 2022 (after mergers and acquisitions)	December 31, 2022 (before mergers and acquisitions)	Change in the opening amount resulting from mergers and acquisitions
Shareholders' equity:			
Share capital	376,000,000.00	376,000,000.00	0.00
Other equity instruments	0.00	0.00	0.00
Including: Preference shares	0.00	0.00	0.00
Perpetual bonds	0.00	0.00	0.00
Capital reserve	1,033,062,617.44	1,033,062,617.44	0.00
Less: Treasury shares	0.00	0.00	0.00
Other comprehensive income	0.00	0.00	0.00
Special reserve	0.00	0.00	0.00
Surplus reserve	87,664,656.42	87,664,656.42	0.00
Provision for general risks	0.00	0.00	0.00
Undistributed profit	593,674,477.93	573,576,276.83	20,098,201.10
Total equity attributable to shareholders of the parent company	<u>2,090,401,751.79</u>	<u>2,070,303,550.69</u>	<u>20,098,201.10</u>
Minority interests	8,989,792.11	376,277.35	8,613,514.76
Total shareholders' equity	<u>2,099,391,543.90</u>	<u>2,070,679,828.04</u>	<u>28,711,715.86</u>
Total liabilities and shareholders' equity	<u>4,052,730,066.25</u>	<u>3,953,587,964.82</u>	<u>99,142,101.43</u>

CONSOLIDATED INCOME STATEMENT

Unit: RMB

Item	2022 (after mergers and acquisitions)	2022 (before mergers and acquisitions)	Change in the opening amount resulting from mergers and acquisitions
I. Total operating income	2,014,869,917.97	1,911,193,884.20	103,676,033.77
Including: Operating income	2,014,869,917.97	1,911,193,884.20	103,676,033.77
Interest income	0.00	0.00	0.00
Premiums earned	0.00	0.00	0.00
Fee and commission income	0.00	0.00	0.00
II. Total operating cost	1,541,621,102.27	1,454,251,663.91	87,369,438.36
Including: Operating cost	1,372,399,003.60	1,290,614,146.22	81,784,857.38
Interest expenses	0.00	0.00	0.00
Fee and commission expenses	0.00	0.00	0.00
Refunded premiums	0.00	0.00	0.00
Net amount of compensation payout	0.00	0.00	0.00
Net provisions for insurance contracts reserve	0.00	0.00	0.00
Policy dividend payment	0.00	0.00	0.00
Reinsurance expenses	0.00	0.00	0.00
Taxes and surcharges	11,407,263.83	11,253,730.00	153,533.83
Selling expenses	7,171,994.64	7,100,170.29	71,824.35
Administrative expenses	171,497,104.50	167,036,545.02	4,460,559.48
Research and development expenses	0.00	0.00	0.00
Finance costs	-20,854,264.30	-21,752,927.62	898,663.32
Including: Interest expenses	925,922.00	28,510.36	897,411.64
Interest income	1,558,365.44	1,554,118.32	4,247.12
Add: Other income	18,194,195.10	17,115,930.90	1,078,264.20
Investment income (Loss marked with “-”)	-22,063,577.06	-22,063,577.06	0.00
Including: Investment income from associates and joint ventures	-3,339,226.79	-3,339,226.79	0.00
Gain on derecognition of financial assets measured at amortized cost	0.00	0.00	0.00
Exchange gain (Loss marked with “-”)	0.00	0.00	0.00
Net gain on exposure hedging (Loss marked with “-”)	0.00	0.00	0.00
Gain on change in fair value (Loss marked with “-”)	622,171.00	622,171.00	0.00
Loss on impairment of credit (Loss marked with “-”)	-144,257,662.70	-141,263,528.00	-2,994,134.70
Loss on impairment of assets (Loss marked with “-”)	2,257,394.48	2,257,394.48	0.00
Gains from disposal of asset (Loss marked with “-”)	0.00	0.00	0.00

Item	2022 (after mergers and acquisitions)	2022 (before mergers and acquisitions)	Change in the opening amount resulting from mergers and acquisitions
III. Operating profit (Loss marked with “-”)	328,001,336.52	313,610,611.61	14,390,724.91
Add: Non-operating income	769,852.66	752,355.04	17,497.62
Less: Non-operating expenses	3,371,303.79	3,319,116.35	52,187.44
IV. Total profit (Total loss marked with “-”)	325,399,885.39	311,043,850.30	14,356,035.09
Less: Income tax expenses	79,824,226.57	74,832,221.42	4,992,005.15
V. Net profit (Net loss marked with “-”)	245,575,658.82	236,211,628.88	9,364,029.94
(I) By continuity of operations	245,575,658.82	236,211,628.88	9,364,029.94
1. Net profit from continuing operations (Net loss marked with “-”)	245,575,658.82	236,211,628.88	9,364,029.94
2. Net profit from discontinued operations (Net loss marked with “-”)	0.00	0.00	0.00
(II) By ownership	245,575,658.82	236,211,628.88	9,364,029.94
1. Net profit attributable to owners of parent company (Net loss marked with “-”)	242,127,270.52	235,572,449.56	6,554,820.96
2. Gain or loss attributable to minority shareholders (Net loss marked with “-”)	3,448,388.30	639,179.32	2,809,208.98
VI. Net other comprehensive income after tax			
The net after-tax value of other comprehensive income attributable to owners of the parent company	0.00	0.00	0.00
(I) Other comprehensive income that may not be reclassified into profit or loss	0.00	0.00	0.00
1. Change in remeasurement of defined benefit plans	0.00	0.00	0.00
2. Other comprehensive income that may not be reclassified to profit or loss under equity method	0.00	0.00	0.00
3. Change in fair value of investments in other equity instruments	0.00	0.00	0.00
4. Change in the fair value of the company’s own credit risk	0.00	0.00	0.00
5. Others	0.00	0.00	0.00

Item	2022 (after mergers and acquisitions)	2022 (before mergers and acquisitions)	Change in the opening amount resulting from mergers and acquisitions
(II) Other comprehensive income that will be reclassified into profit and loss	0.00	0.00	0.00
1. Other comprehensive income that may be reclassified to profit or loss under equity method	0.00	0.00	0.00
2. Changes in fair value of other debt investments	0.00	0.00	0.00
3. Amount included in other comprehensive income on reclassification of financial assets	0.00	0.00	0.00
4. Provision for credit impairment of other debt investments	0.00	0.00	0.00
5. Cash flow hedge reserves (effective portion of cash flow hedge gains and losses)	0.00	0.00	0.00
6. Exchange differences arising from translation of foreign currency financial statements	0.00	0.00	0.00
7. Others	0.00	0.00	0.00
Net other comprehensive income after tax attributable to minority interests	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
VII. Total comprehensive income	245,575,658.82	236,211,628.88	9,364,029.94
Total comprehensive income attributable to shareholders of the parent company	242,127,270.52	235,572,449.56	6,554,820.96
Total comprehensive income attributable to minority interests	<u>3,448,388.30</u>	<u>639,179.32</u>	<u>2,809,208.98</u>
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	0.64	0.63	0.01
(II) Diluted earnings per share (RMB/share)	<u>0.64</u>	<u>0.63</u>	<u>0.01</u>

4 Notes receivable

(1) Presentation of notes receivable by category

Item	Closing balance	Opening balance
Commercial acceptances	0.00	2,197,656.75

(2) Presentation by bad debt accrual method

Category	Closing balance				Book value
	Book balance	Ratio	Bad debt provision	Accrual ratio	
	Amount	(%)	Amount	(%)	
Provision for bad debts by portfolio	0.00	0.00	0.00	0.00	0.00
Including: Aging portfolio	0.00	0.00	0.00	0.00	0.00

Category	Opening balance				Book value
	Book balance	Ratio	Bad debt provision	Accrual ratio	
	Amount	(%)	Amount	(%)	
Provision for bad debts by portfolio	2,881,192.62	100.00	683,535.87	23.72	2,197,656.75
Including: Aging portfolio	2,881,192.62	100.00	683,535.87	23.72	2,197,656.75

5 Accounts receivable

(1) Accounts receivable shown by aging

The aging analysis of accounts receivable based on the transaction dates is as follows:

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	1,407,347,923.00	1,316,493,099.84
1-2 years	501,564,863.15	819,223,576.35
2-3 years	460,542,410.22	69,662,152.35
More than 3 years	49,700,503.30	11,140,503.52
Including: 3-4 years	42,606,477.78	9,250,405.78
4-5 years	4,842,784.92	777,018.59
More than 5 years	2,251,240.60	1,113,079.15
Total	2,419,155,699.67	2,216,519,332.06

(2) *Accounts receivable classified according to the bad debt accrual method*

Category	Closing balance		Bad debt provision		Book value
	Book balance Amount	Ratio (%)	Amount	Accrual ratio (%)	
Provision for bad debts by portfolio	2,419,155,699.67	100.00	326,891,005.43	13.51	2,092,264,694.24
Including: Aging portfolio	2,419,155,699.67	100.00	326,891,005.43	13.51	2,092,264,694.24
Total	2,419,155,699.67	100.00	326,891,005.43	13.51	2,092,264,694.24

Category	Opening balance		Bad debt provision		Book value
	Book balance Amount	Ratio (%)	Amount	Accrual ratio (%)	
Provision for bad debts by portfolio	2,216,519,332.06	100.00	211,775,027.41	9.55	2,004,744,304.65
Including: Aging portfolio	2,216,519,332.06	100.00	211,775,027.41	9.55	2,004,744,304.65
Total	2,216,519,332.06	100.00	211,775,027.41	9.55	2,004,744,304.65

6 Prepayments

(1) *Aging of prepayments*

Item	Closing balance		Opening balance	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	120,941,021.28	81.09	34,631,137.87	41.22
1-2 years	8,093,121.79	5.43	30,608,681.16	36.43
2-3 years	2,772,913.75	1.86	18,707,781.71	22.27
More than 3 years	17,331,321.78	11.62	70,487.26	0.08
Total	149,138,378.60	100.00	84,018,088.00	100.00

7 **Other receivables**

Items	Closing balance	Opening balance
Interest receivable	9,339,290.39	0.00
Other receivables	776,698,112.08	696,383,000.98
Total	786,037,402.47	696,383,000.98

7.1 **Interest receivable**

(1) *Interest receivable*

Items	Closing balance	Opening balance
Interest receivable	9,339,290.39	0.00

7.2 **Other receivables**

(1) *Other receivables presented by aging*

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	290,418,798.21	636,609,557.82
1-2 years	518,277,371.02	76,373,154.66
2-3 years	36,678,924.17	17,051,470.33
More than 3 years	62,463,627.02	61,978,029.93
Including: 3-4 years	13,246,109.03	20,615,487.87
4-5 years	20,225,949.09	20,946,643.69
More than 5 years	28,991,568.90	20,415,898.37
Total	907,838,720.42	792,012,212.74

(2) *Other receivables classified according to the bad debt accrual method*

Category	Closing balance		Bad debt provision		Book value
	Book balance Amount	Ratio (%)	Amount	Accrual ratio (%)	
Provision for bad debts by portfolio	907,838,720.42	100.00	131,140,608.34	14.45	776,698,112.08
Including: Aging portfolio	907,838,720.42	100.00	131,140,608.34	14.45	776,698,112.08
Total	907,838,720.42	100.00	131,140,608.34	14.45	776,698,112.08

Category	Opening balance		Bad debt provision		Book value
	Book balance Amount	Ratio (%)	Amount	Accrual ratio (%)	
Provision for bad debts by portfolio	792,012,212.74	100.00	95,629,211.76	12.07	696,383,000.98
Including: Aging portfolio	792,012,212.74	100.00	95,629,211.76	12.07	696,383,000.98
Total	792,012,212.74	100.00	95,629,211.76	12.07	696,383,000.98

8 Inventories

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment of inventories/ impairment of contractual performance costs	Book value	Book balance	Provision for impairment of inventories/ impairment of contractual performance costs	Book value
Raw materials	6,922,660.84	0.00	6,922,660.84	7,240,748.09	0.00	7,240,748.09
Stock items	34,999,580.35	0.00	34,999,580.35	27,659,754.83	0.00	27,659,754.83
Revolving material	12,838,464.40	0.00	12,838,464.40	11,413,729.35	0.00	11,413,729.35
Total	54,760,705.59	0.00	54,760,705.59	46,314,232.27	0.00	46,314,232.27

9 Contract assets

(1) Detail of contract assets

Item	Book balance	Closing balance Provision for impairment	Book value
Engineering construction	29,989,513.37	1,839,637.39	28,149,875.98

Item	Book balance	Opening balance Provision for impairment	Book value
Engineering construction	29,755,968.06	1,917,268.88	27,838,699.18

(2) Contract assets by aging

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	29,989,513.37	29,755,968.06
Provision for impairment	1,839,637.39	1,917,268.88
Book value	28,149,875.98	27,838,699.18

10 Intangible assets

Item	Software	Total
I. Original book value		
1. Opening balance	10,829,073.50	10,829,073.50
2. Increase in current year	6,389,144.46	6,389,144.46
(1) Acquisition	6,389,144.46	6,389,144.46
(2) Addition due to business combination	0.00	0.00
3. Decrease in current year	11,549.00	11,549.00
(1) Disposal	11,549.00	11,549.00
4. Closing balance	<u>17,206,668.96</u>	<u>17,206,668.96</u>
II. Accumulated amortization		
1. Opening balance	4,549,765.06	4,549,765.06
2. Increase in current year	2,097,120.15	2,097,120.15
Including: Accrual	2,097,120.15	2,097,120.15
Addition due to business combination	0.00	0.00
3. Decrease in current year	11,549.00	11,549.00
Including: Disposal	11,549.00	11,549.00
4. Closing balance	<u>6,635,336.21</u>	<u>6,635,336.21</u>
III. Provision for impairment		
1. Opening balance	0.00	0.00
2. Increase in current year	0.00	0.00
Including: Accrual	0.00	0.00
3. Decrease in current year	0.00	0.00
Including: Disposal	0.00	0.00
4. Closing balance	<u>0.00</u>	<u>0.00</u>
IV. Book value		
1. Closing book value	10,571,332.75	10,571,332.75
2. Opening book value	<u>6,279,308.44</u>	<u>6,279,308.44</u>

11 Accounts payable

(1) Presentation of accounts payable

Item	Closing balance	Opening balance
Construction fees	542,992,345.59	580,589,788.64
Service fees	163,754,805.12	159,388,344.11
Payments for goods purchased	<u>153,251,082.12</u>	<u>80,786,650.77</u>
Total	<u>859,998,232.83</u>	<u>820,764,783.52</u>

(2) Presentation of accounts payable by aging

The aging analysis of accounts payable (including trade receivables due from related parties) based on the transaction dates is as follows:

Aging	Closing balance	Opening balance
Within 1 year	570,789,501.28	553,747,061.20
1-2 years	141,000,761.29	227,452,305.14
2-3 years	119,425,435.78	24,922,141.39
3-4 years	16,901,568.24	11,271,844.56
4-5 years	9,346,253.46	2,832,118.49
More than 5 years	<u>2,534,712.78</u>	<u>539,312.74</u>
Total	<u>859,998,232.83</u>	<u>820,764,783.52</u>

12 Receipt in advance*(1) Presentation of receipt in advance*

Category	Closing balance	Opening balance
Leasing	<u>3,854,809.60</u>	<u>2,958,279.78</u>

13 Contract liabilities*(1) Detail of contract liabilities*

Item	Closing balance	Opening balance
Property charges in advance	<u>391,835,268.79</u>	<u>332,494,916.99</u>

14 Other payables*(1) Other payables by nature of payment*

Item	Closing balance	Opening balance
Interest payable	0.00	0.00
Dividends payable	74,105,400.00	0.00
Other payables	<u>491,600,623.66</u>	<u>557,557,391.05</u>
Total	<u>565,706,023.66</u>	<u>557,557,391.05</u>

15 Share capital

Item	Opening balance	Issuance of new shares	Change for the year (+, -)			Subtotal	Closing balance
			Share grant	Surplus reserve converted to shares	Others		
Total number of shares	<u>376,000,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>376,000,000.00</u>

16 Capital reserve

Item	Opening balance	Increase during the year	Decrease during the year	Closing balance
Equity premium	956,185,004.84	0.00	50,139,401.52	906,045,603.32
Other capital reserve	<u>76,877,612.60</u>	<u>1,706,989.18</u>	<u>0.00</u>	<u>78,584,601.78</u>
Total	<u>1,033,062,617.44</u>	<u>1,706,989.18</u>	<u>50,139,401.52</u>	<u>984,630,205.10</u>

Note 1. Movements in equity premium: this was due to the consolidation of Wanjia Smart during the period.

Note 2. Movements in other capital reserve: due to accrual for share-based payment during the period.

17 Surplus reserve

Item	Opening balance	Increase during the year	Decrease during the year	Closing balance
Statutory surplus reserve	<u>87,664,656.42</u>	<u>9,084,605.07</u>	<u>0.00</u>	<u>96,749,261.49</u>

18 Operating income & operating cost

(1) Details of operating income and operating cost

Item	Current year amount		Prior year amount	
	Income	Cost	Income	Cost
Principle operations	1,817,003,668.81	1,372,134,964.52	2,003,362,183.58	1,370,753,535.34
Other operations	14,893,008.18	2,880,384.08	11,507,734.39	1,645,468.26
Total	1,831,896,676.99	1,375,015,348.60	2,014,869,917.97	1,372,399,003.60

(2) Information on income from contracts

Classification of contracts	2023	2022
Goods	–	–
Including: Property management services	1,335,012,779.17	1,281,876,444.42
Value-added services to non-property owners	163,985,967.14	388,901,701.03
Community value-added services	195,299,418.17	240,415,738.75
Urban services	137,598,512.51	103,676,033.77
Total	1,831,896,676.99	2,014,869,917.97
Classified by region	2023	2022
Including: Mainland of China	1,831,896,676.99	2,014,869,917.97
Classification by time of transfer of goods	–	–
Including: Transfer at a point in time	149,402,988.67	173,243,994.82
Transfer within a certain period of time	1,682,493,688.32	1,841,625,923.15
Total	1,831,896,676.99	2,014,869,917.97

19 Income tax expenses

Item	Current year amount	Prior year amount
Current income tax calculated in accordance with tax law and related regulations	64,770,002.43	113,506,338.33
– Corporate income tax in the Mainland of China	64,770,002.43	113,506,338.33
Deferred income tax expenses	(28,803,038.26)	(33,682,111.76)
Total	35,966,964.17	79,824,226.57

There is no Hong Kong income tax as the Group had no taxable income in Hong Kong during the year.

20 Return on Net Assets and Earnings Per Share

Profit for the reporting period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the holders of the parent company	5.94	0.34	0.34
Net profit attributable to the holders of the parent company (excluding: extraordinary profit and loss)	5.81	0.33	0.33

21 Dividends

	2023	2022
Dividends recognised as distribution during the year:	75,200,000.00	94,000,000.00

Note: On November 24, 2023, the Board proposed to declare and pay a special dividend of RMB0.20 (before tax) per ordinary share of the Company in the form of cash, totaling approximately RMB75.2 million.

On August 31, 2022, the Board proposed to pay an interim dividend of RMB0.25 (before tax) per share to the shareholders of the Company for the six months ended June 30, 2022 in the form of cash, totaling approximately RMB94 million.

The Board does not recommend to declare final dividend for the year ended December 31, 2023 (2022: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

OVERVIEW

The Group is a comprehensive property management service provider with a strategic service network across China. As of December 31, 2023, the Group had a total of 431 property management projects under management with an aggregate gross floor area (“GFA”) under management of approximately 83.6 million square metres (“sq.m.”), covering 65 cities across 19 provinces, municipalities and autonomous regions in China. As of December 31, 2023, the Group was contracted to manage 507 property management projects with an aggregate contracted GFA of approximately 101.1 million sq.m., covering 69 cities across 19 provinces, municipalities and autonomous regions in China.

The Group provides diversified services principally through four business lines, namely property management services, value-added services to non-property owners, community value added services and urban services. Its portfolio of managed properties comprises (i) residential properties; and (ii) non-residential properties, including (a) commercial properties, such as shopping malls, office buildings and serviced apartments; and (b) public and other properties, such as industry parks, the Olympic Village, schools and hospitals.

BUSINESS MODEL

The Group principally owns four major business lines, namely (i) property management services, (ii) value-added services to non-property owners, (iii) community value-added services, and (iv) urban services, which constitute the comprehensive services that the Group provides to its customers, and cover the entire value chain of property management.

- **Property management services:** The Group provides property developers, property owners and residents, as well as government and other public construction authorities with a wide range of property management services, primarily including security, cleaning, greening and gardening, and repair and maintenance services. Its portfolio of managed properties comprises (i) residential properties; and (ii) non-residential properties, including (a) commercial properties, such as shopping malls, office buildings and serviced apartments; and (b) public and other properties, such as industry parks, the Olympic Village, schools and hospitals. During the year ended December 31, 2023, all of the Group’s property management fees were charged on a lump sum basis.
- **Value-added services to non-property owners:** The Group offers a comprehensive range of value-added services to non-property owners, primarily property developers. These services primarily comprise (i) property engineering services; (ii) on-site services; and (iii) other services which primarily include preliminary planning and design consultancy services, property delivery services and aftersales services.

- Community value-added services: The Group provides community value-added services to property owners and residents. It categorizes these services into two types: (i) home-living services which primarily include community retail, commercial procurement services, home repairs and maintenance, and housekeeping services; and (ii) property space management services which primarily include turnkey furnishing services and property brokerage services.
- Urban services: The Group provides integrated sanitation operation services in both urban and rural areas, which mainly include: urban and rural sanitation services, such as cleaning and janitorial services, garbage removal and river cleaning, etc.

PROPERTY MANAGEMENT SERVICES

Continuous high-quality growth in GFA size

The Group has been continuously expanding its property management service portfolio by obtaining new property management service contracts. As of December 31, 2023, the Group has contracted GFA of approximately 101.1 million sq.m., representing an increase of approximately 3.6% as compared with that as of December 31, 2022, and 507 contracted projects, representing an increase of approximately 4.3% as compared with that as of December 31, 2022. As of December 31, 2023, the GFA under management was approximately 83.6 million sq.m. relating to 431 projects under management, representing an increase of approximately 14.1% and 11.9% as compared with those as of December 31, 2022, respectively.

In addition, as of December 31, 2023, the Group had entered into 19 formal cooperation agreements with independent third-party property developers during the Relevant Year. In such cooperation agreements, such property developers engaged the Group as the property management services provider, entrusted the Group with the management of relevant projects and shall pay the Group property management fees based on agreed scope of services. The agreements executed in 2023 covered various types of businesses, such as government buildings, industrial parks, public buildings, residential buildings and landscaping. As at December 31, 2023, the properties managed by the Group under these formal cooperation agreements had an aggregate GFA of approximately 1.62 million sq.m..

The table below sets out the respective movements of the Group's contracted GFA and GFA under management for the years ended December 31, 2023 and 2022:

	Year ended December 31,			
	2023		2022	
	Contracted GFA (<i>'000 sq.m.</i>)	GFA under management (<i>'000 sq.m.</i>)	Contracted GFA (<i>'000 sq.m.</i>)	GFA under management (<i>'000 sq.m.</i>)
As of the beginning of the year	97,521	73,286	99,394	69,328
New engagements ⁽¹⁾	6,284	12,751	3,134	7,660
Terminations ⁽²⁾	(2,752)	(2,417)	(5,007)	(3,702)
As of the end of the year	101,053	83,620	97,521	73,286

Note:

- (1) In relation to the residential communities and non-residential communities being managed by the Group, new engagements primarily include preliminary property management service contracts for new properties developed by property developers and property management service contracts for residential communities replacing their previous property management service providers.
- (2) These terminations include certain property management service contracts that the Group did not renew on a voluntary basis, as the Group reallocated its resources to more profitable contracts, so as to optimise its property management portfolio.

Geographic presence

Since the establishment of the Group, its business footprint has extended across the country. As of December 31, 2023, the Group established business presence in 69 cities in 19 provinces, municipalities and autonomous regions in the PRC.

The following table sets out the breakdown of the total GFA under management by geographic region as of the dates indicated:

	As of December 31,			
	2023		2022	
	(<i>'000 sq.m.</i>)	%	(<i>'000 sq.m.</i>)	%
Bohai Economic Rim ⁽¹⁾	49,395	59.1	41,382	56.5
Yangtze River Delta region ⁽²⁾	16,381	19.6	16,965	23.1
Greater Bay Area and surrounding regions ⁽³⁾	2,844	3.4	2,842	3.9
Central and Western China ⁽⁴⁾	15,000	17.9	12,097	16.5
Total	83,620	100.0	73,286	100.0

Notes:

- (1) In this region, the Group provided property management services to projects located in Hebei, Liaoning, Inner Mongolia and Shandong.
- (2) In this region, the Group provided property management services to projects located in Jiangsu and Zhejiang.
- (3) In these regions, the Group provided property management services to projects located in Huizhou in the Greater Bay Area and other cities in Guangdong.
- (4) In this region, the Group provided property management services to projects located in Guizhou, Henan, Hunan, Sichuan, Anhui and Chongqing.

Stable property management fees

While growing rapidly, the Group also maintains high-quality development requirements. By continuously optimising the service projects under management, the Group has maintained its average property management fees while achieved the growth of GFA under management. For the years ended December 31, 2023 and 2022, the unit price of the Group's consolidated average property management fees remained at RMB1.7/sq.m./month.

Diversified portfolio of property management services

The Group has a diversified portfolio of properties under management comprising (i) residential properties; and (ii) non-residential properties, including (a) commercial properties, such as shopping malls, office buildings and serviced apartments; and (b) public and other properties, such as industry parks, the Olympic Village, schools and hospitals.

The following table sets out the breakdown of the GFA under management and the number of projects under management under the Group's property management services by type of property as of the dates indicated:

	As of December 31,			
	2023		2022	
	GFA under management (<i>'000 sq.m.</i>)	Number of projects under management	GFA under management (<i>'000 sq.m.</i>)	Number of projects under management
Residential properties	76,103	370	67,914	327
Non-residential properties				
– Commercial properties	3,535	41	3,961	54
– Public and other properties	3,982	20	1,411	4
Subtotal	7,517	61	5,372	58
Total	83,620	431	73,286	385

In addition, under the strong support of RiseSun Development and its subsidiaries (the “**RiseSun Group**”), and leveraging the Group’s extensive industry experience and brand recognition, the Group has been expanding business cooperation with independent third-party property developers. As of December 31, 2023, the Group had an aggregate GFA under management of approximately 4.7 million sq.m. and an aggregate contracted GFA of approximately 5.6 million sq.m. with respect to properties developed by independent third-party property developers.

The following table sets out the breakdown of the total GFA under management by the type of property developers as of the dates indicated:

	As of December 31,			
	2023			2022
	GFA under management (’000 sq.m.)	%	GFA under management (’000 sq.m.)	%
RiseSun Group ⁽¹⁾	78,959	94.4	71,267	97.2
Properties developed by independent third-party property developers	4,661	5.6	2,019	2.8
Total	83,620	100.0	73,286	100.0

Note:

- (1) Including the projects independently developed by RiseSun Group and the properties jointly developed by RiseSun Group and other property developers in which RiseSun Group holds a controlling interest.

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

The Group provides a wide spectrum of value-added services to non-property owners, primarily property developers, through different phases of the property development and sales process, primarily including property engineering services, on-site services and other services. In 2023, the revenue from value-added services to non-property owners decreased by approximately 57.8% from approximately RMB388.9 million in 2022 to approximately RMB164.0 million.

The Group improved its independent operation capabilities by optimizing business structure of property engineering services, adjusting business models and establishing professional engineering management teams; relieved geographical restrictions, coordinated and deployed engineering resources, implemented a headquarters-branch linkage model, and standardized the engineering business management of property companies through the integration of personnel in various regions. However, as the non-owner value-added service customers are mainly property developers, due to the further decrease in the construction area and completed

area of property developers in 2023, the property engineering services in the value-added services to non-property owners decreased significantly, and the revenue was significantly lower than the corresponding period in last year.

In order to cope with the overall downward economic situation of the upstream real estate industry, the Group has actively formulated plans to undertake new business. On the one hand, due to the overall downturn in the real estate industry, the Group's engineering business is expected to continue shrinking in 2024. As a result, the business will shift towards delivered properties and external projects. In 2024, the Group plans to further develop its community business for delivered properties, which includes engineering and maintenance services, home decoration, gardening and landscaping, and direct drinking water services. On the other hand, the Group actively negotiated on renovation, maintenance and management business of public buildings, municipal works, parks, urban sanitation, scenic spots and public parks, and deployed the whole construction business for the installation of non-motorized and motorized charging piles in residential communities, enterprises, institutions and public parking lots, to make up for the performance gap and expand into diversified business.

COMMUNITY VALUE-ADDED SERVICES

In order to improve the community living experience of owners and residents in the properties under the Group's management and create more value for its services, the Group provides a wide variety of community value-added services to property owners and residents, primarily including property space management services and home-living services. The revenue from community value-added services for the year ended December 31, 2023 was approximately RMB195.3 million, representing a decrease of approximately 18.8% from approximately RMB240.4 million for the corresponding period in 2022. This was mainly attributable to the decrease in revenue from sale of goods and parking agency revenue.

Property space management services

The Group provides property space management services for property owners and residents, and provide turnkey furnishing services that can improve property value, convenient property brokerage services and parking agent sales services by leveraging the active engagement and close relationships with the residents that it has nurtured through its property management operations. The revenue from property space management services for the year ended December 31, 2023 decreased by approximately 26.7% from approximately RMB97.8 million for the corresponding period in 2022 to approximately RMB71.7 million. This was mainly attributable to the economy downturn, which reduced customers' willingness to make purchases.

In terms of turnkey furnishing services, the Group places emphasis on addressing the diverse needs of property owners across different levels and has divided its business into two segments: (i) provision of interior decoration and design services to new property owners during their occupancy period; and (ii) provision of product replacement, environmental renovation and quality enhancement services to existing property owners. In terms of new house services, the Group collaborates with merchants to fulfill the product and service designs, taking into consideration the core concerns of property owners. Through activities such as constructing sample rooms and organizing property owner meetings, the Group delivers valuable services, increasing the order completion rate and turnover for merchants,

ultimately achieving a win-win situation. In terms of services for existing property owner, the Group optimizes its products according to the length of their residence and changes in family members. By providing free value-added services, such as regular inspections and troubleshooting, the Group identifies potential needs of property owner's and seizes business opportunities.

For property brokerage business, the Group deploys a Sales and Lease Operation System which consists of a “property dictionary”(房源字典) system and a “resident-property matching” (房客匹配) system. The system ensures customer privacy and efficiently matches supply and demand information of properties, providing millions of property owners with convenient rental and sales channels and delivering a better service experience.

Home-living services

The Group offers home-living services to property owners and residents with a focus on their daily needs. The primary home-living services provided by the Group include: community retail and commercial procurement services, home repairs and maintenance as well as housekeeping services. The revenue from home-living services for the year ended December 31, 2023 decreased by approximately 13.3% from approximately RMB142.6 million for the corresponding period in 2022 to approximately RMB123.6 million.

In particular, regarding our new retail business, the Group has established a business model that combines “chain convenience stores + self-operated warehouses + community group purchases”. We operate this new retail business in a comprehensive manner across different scenarios. Community new retail offline convenience store chain has been updated as “Linlin Convenience” (臨鄰便利), and online group purchase business has been refreshed as “Linlin GO” (臨鄰GO). We have launched the business model that combines “chain convenience stores + self-operated warehouses + community group purchases”, to achieve S2B2C community retail services, creating a service model of easy order with convenience. Through a robust intelligent mid-platform system, we establish a dual advantage in the last 500 meters of purchase scenarios and purchase efficiency. While improving service efficiency, it also highlights the advantages of the supply chain. Additionally, we have the capability for supply chain output and single-product OEM. This enables us to provide property owners with more diverse, convenient, and cost-effective products. As of December 31, 2023, the Group had a total of 61 offline convenience stores which were located in the communities under its management, with over 52,000 stock keeping units (“SKUs”) and approximately 1.15 million registered users on Rice Mall (米飯公社). The monthly activity of the Rice Mall APP increased by approximately 15% as compared to the same period of 2022.

URBAN SERVICES

Building on its existing business, the Group will continue to expand and develop new businesses. In 2023, the Group acquired Wanjia Smart Environment (Beijing) Co., Ltd.* (萬家智慧環境(北京)有限公司) and other companies, enabling it to offer integrated sanitation operation services in urban and rural areas. The Group focuses on addressing the actual market demands in these regions of China, supporting their high-quality development, addressing issues relating to sanitation and environmental governance, and delivering refined services for their better governance. As at December 31, 2023, the Group had signed 8 integrated sanitation operation projects in 5 cities covering Hebei Province and Heilongjiang Province.

CONCLUSION

For the year ended December 31, 2023, the Group's revenue was approximately RMB1,831.9 million, representing a decrease of approximately 9.1% as compared to the corresponding period in 2022; gross profit was approximately RMB456.9 million, representing a decrease of approximately 28.9% as compared to the corresponding period in 2022. Net profit in 2023 amounted to RMB130.7 million, representing a decrease of approximately 46.8% as compared to corresponding period in 2022. For the year ended December 31, 2023, the net profit attributable to the owners of the parent company amounted to approximately RMB126.3 million, representing a decrease of approximately 47.8% as compared to the corresponding period in 2022. Basic earnings per share in 2023 amounted to approximately RMB0.34.

OUTLOOK

Looking forward to 2024, the Group will (i) continue to uphold the principle of customer-oriented services, maintain property service quality, upgrade the property service brand, deepen its beautiful grading and five-star project building, enhance the Group's brand influence and market competitiveness, and increase customer recognition and brand reputation. The Group will continue to strengthen our market expansion efforts and further develop new projects through resources, channel development and cooperation; (ii) strategically invest in environment and sanitation, medical cosmetology, tourism and accommodation so as to expand its businesses and diversify its business portfolio. In 2023, the Company completed the acquisition of an 80% equity interest in Hebei Jinxiang Property Group Co., Ltd.* (河北金項物業集團有限公司) (“**Hebei Jinxiang**”) and a 70% equity interest in Wanjia Smart Environment (Beijing) Co., Ltd.* (萬家智慧環境(北京)有限公司) (“**Wanjia Smart**”), thus expanding a new business segment of government's public facilities, urban services, and etc. Through such acquisitions, the Company enriched the Group's business categories, optimized its revenue structure, and created synergies with its existing business, thereby enhancing the Group's comprehensive operating capability. The Group will continue to improve the non-owner value-added system, intervene from the planning and design of projects, and undertake the role of a pre-intermediary from the perspectives of post-period customers and property services to facilitate the upgrade of the property brand. In response to the overall economic downturn in the upstream property sector, the Group will actively diversify its value-added business to non-property owners. This expansion includes areas such as aging retrofitting and targeted renovations, aiming to improve its business margin; (iii) continuously improve the “whole life cycle and whole service chain” service system to continuously enrich the segment of community value-added services, further promote businesses such as car washing and beauty, kiosks, promote the property brokerage and other property space management services, and continue to promote the community health industry such as housekeeping service, community nursing service, healthy service and other services, to provide owners with a “convenient and reassuring” community health experience to enable owners to feel our “caring” property services. The Group will actively develop in-home businesses, such as indoor cleaning, furniture maintenance, and air purification, to meet the demand for environmental services and repair and maintenance; (iv) establish a quarter convenient living circle, further develop the tourism business with short-haul tours as the main focus, pilot the community elderly care business, comprehensively launch value-added services such as 4:30 classes and reading rooms in the community, further expand the house improvement business, and integrate value-added services for property owners into the quarter convenient

living circle in the community; (v) at the same time strengthen the construction of financial management and control and capital support system, adjust the revenue structure and profit structure, strengthen cash flow management, and improve the risk resistance capability of the enterprise; and (vi) cultivate and introduce professional talent, optimize the talent structure, promote the information technology construction of the Company, achieve technology empowerment, thereby improving the efficiency and quality of the Company's decision-making process.

FINANCIAL REVIEW

Revenue

During the Relevant Year, the Group derived its revenue principally from four business lines, namely (i) property management services; (ii) value-added services to non-property owners; (iii) community value-added services; and (iv) urban services.

The following table sets forth the details of the Group's revenue recognised by business line for the years indicated:

	2023	2022	Change
	RMB'000	RMB'000	%
Property management services	1,335,013	1,281,876	4.1
Value-added services to non-property owners	163,986	388,902	(57.8)
Community value-added services	195,299	240,416	(18.8)
Urban Services	137,599	103,676	32.7
	<u>1,831,897</u>	<u>2,014,870</u>	<u>(9.1)</u>
Total	1,831,897	2,014,870	(9.1)

The Group's revenue decreased by approximately 9.1% from approximately RMB2,014.9 million for the year ended December 31, 2022 to approximately RMB1,831.9 million for the year ended December 31, 2023. The reason for the change of revenue by business line are listed as follows:

- (i) the increase in revenue from property management services by approximately 4.1% from approximately RMB1,281.9 million for the year ended December 31, 2022 to approximately RMB1,335.0 million for the year ended December 31, 2023, which was primarily driven by the Group's business expansion. In particular, the GFA under management increased by approximately 14.1% from 73.3 million sq.m. as of December 31, 2022 to 83.6 million sq.m. as of December 31, 2023;
- (ii) the decrease in revenue from value-added services to non-property owners by approximately 57.8% from approximately RMB388.9 million for the year ended December 31, 2022 to approximately RMB164.0 million for the year ended December 31, 2023, which was mainly due to a significant decrease in demand for property engineering services, on-site services and other services as a result of the decrease in the overall completed GFA and construction GFA of the property developers in 2023; meanwhile, the Group also took the initiative to reduce the provision of such services to real estate developers, reduce capital advances, and focus on projects with guaranteed collection of payment;

- (iii) the decrease in revenue from community value-added services by approximately 18.8% from approximately RMB240.4 million for the year ended December 31, 2022 to approximately RMB195.3 million for the year ended December 31, 2023. This was mainly due to the impact of the real estate downturn cycle and the decrease in the sales and leasing of real estate, such as houses and parking spaces, which led to a decrease in sales and leasing intermediary income; and
- (iv) the increase in revenue from urban services by approximately 32.7% from approximately RMB103.7 million for the year ended December 31, 2022 to approximately RMB137.6 million for the year ended December 31, 2023, which was mainly attributable to the proactive expansion of the business in 2023. The Company's subsidiary, Rongsheng Anxu Environmental Development (Longhua) Co., Ltd.* (榮盛安旭環境發展(隆化)有限公司), has been carrying out rural urban service projects since October 2022.

Property management services

The following table sets forth a breakdown of the Group's revenue from property management services by type of property developers for the years indicated:

	Year ended December 31,			
	2023		2022	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Properties developed by RiseSun Group ⁽¹⁾	1,287,669	96.4	1,247,182	97.3
Properties developed by independent third-party property developers	47,344	3.6	34,694	2.7
Total	<u>1,335,013</u>	<u>100.00</u>	<u>1,281,876</u>	<u>100.00</u>

Note:

- (1) Representing the properties independently developed by RiseSun Real Estate Development Co., Ltd.* (榮盛房地產發展股份有限公司) and its subsidiaries, which exclude the Group, and the properties jointly developed by RiseSun Group and other property developers in which RiseSun Group holds a controlling interest.

To facilitate the management of the property management network, the Group divides its geographic coverage into four major regions in the PRC, namely Bohai Economic Rim, Yangtze River Delta region, Greater Bay Area and surrounding regions, and Central and Western China. The following table sets out the total revenue for the years indicated from the provision of property management services by geographical coverage:

	Year ended December 31,			
	2023		2022	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Bohai Economic Rim ⁽¹⁾	788,514	59.1	738,981	57.7
Yangtze River Delta region ⁽²⁾	237,522	17.8	265,899	20.7
Greater Bay Area and surrounding regions ⁽³⁾	58,159	4.4	58,684	4.6
Central and Western China ⁽⁴⁾	250,818	18.7	218,312	17.0
Total	1,335,013	100	1,281,876	100.0

Notes:

- (1) In this region, the Group provided property management services to projects located in Hebei, Liaoning, Inner Mongolia and Shandong.
- (2) In this region, the Group provided property management services to projects located in Jiangsu and Zhejiang.
- (3) In these regions, the Group provided property management services to projects located in Huizhou in the Greater Bay Area and other cities in Guangdong.
- (4) In this region, the Group provided property management services to projects located in Guizhou, Henan, Hunan, Sichuan, Anhui and Chongqing.

Value-added services to non-property owners

The Group offers a comprehensive range of value-added services to non-property owners, primarily property developers, mainly including property engineering services, on-site services and other services. The following table sets out the components of the revenue from value-added services to non-property owners for the years indicated:

	Year ended December 31,			
	2023		2022	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property engineering services	57,320	35.0	144,953	37.3
On-site services	29,566	18.0	113,274	29.1
Other services ⁽¹⁾	77,100	47.0	130,675	33.6
Total	163,986	100.0	388,902	100.0

Notes:

- (1) Including preliminary planning and design consultancy services, property delivery services and aftersales services.

Community value-added services

The Group provides two types of community value-added services, namely (i) home-living services which primarily include community retail and commercial procurement services and home repairs, maintenance and housekeeping services; and (ii) property space management services which primarily include turnkey furnishing services and property brokerage services. The community value-added services provided by the Group aim to provide property owners and residents with access to a wide range of products and services through a variety of channels, bringing more convenience to them and enhancing their living experience. The following table sets forth the components of the revenue from community value-added services for the years indicated:

	Year ended December 31,			
	2023		2022	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Home-living services	123,636	63.3	142,608	59.3
Property space management services	71,663	36.7	97,808	40.7
Total	195,299	100.0	240,416	100.0

Urban services

The Group provides integrated sanitation operation services in both urban and rural areas, which mainly include: urban and rural sanitation services, such as cleaning and janitorial services, garbage removal and river cleaning, etc. The following table sets forth the components of the revenue from urban services for the years indicated:

	Year ended December 31,			
	2023		2022	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Urban and rural sanitation services	137,599	100	103,676	100
Total	137,599	100	103,676	100

Cost of sales

The Group's cost of sales mainly consists of (i) employee benefit expenses; (ii) maintenance costs; (iii) engineering costs; (iv) greening and cleaning expenses; (v) costs of goods sold; (vi) utilities; (vii) taxes and other levies; (viii) cost of consumables; (ix) office expenses; (x) travelling and entertainment expenses; (xi) depreciation and amortization charges; and (xii) others. The Group's cost of sales increased by approximately 0.2% from approximately RMB1,372.4 million for the year ended December 31, 2022 to approximately RMB1,375.0 million for the year ended December 31, 2023. The cost of sales of 2023 was basically remained stable as compared to that of 2022.

Gross profit and gross profit margin

Category	Year ended December 31,			
	2023	2022	2023	2022
	Gross profit	Gross profit	Gross profit	Gross profit
	<i>RMB'000</i>	margin	<i>RMB'000</i>	margin
		%		%
Property management services	263,786	19.8	356,060	27.8
Value-added services to non-property owners	77,800	47.4	188,161	48.4
Community value-added services	89,669	45.9	76,359	31.8
Urban Services	25,626	18.6	21,891	21.1
Total	456,881	24.9	642,471	31.9

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit decreased by approximately 28.9% from approximately RMB642.5 million for the year ended December 31, 2022 to approximately RMB456.9 million for the year ended December 31, 2023.

The gross profit margin of the Group decreased from approximately 31.9% for the year ended December 31, 2022 to approximately 24.9% for the year ended December 31, 2023, which was mainly attributable to: (i) the Group recorded a lower gross profit from value-added services during the period, which generally have higher gross profit margin; (ii) the Group reduced the management fees for certain unoccupied units and parking spaces during the period due to the grim macroeconomic situation; and (iii) the Company invested more in manpower and material resources to enhance the quality of its services, which led to an increase in costs and a corresponding decrease in the gross profit margins of property management services and urban services, which decreased by 28.9% and 11.8%, respectively.

Selling expenses

The Group's selling expenses mainly consist of employee benefit expenses and office expenses for its sale and marketing staff. The Group's expenses increased by approximately 14.3% from approximately RMB7.2 million for the year ended December 31, 2022 to approximately RMB8.2 million for the year ended December 31, 2023, primarily due to the increasing efforts in business expansion and marketing promotion by the Group.

Administrative expenses

The Group's administrative expenses mainly consist of (i) employee benefit expenses; (ii) travelling and entertainment expenses; (iii) professional service fees, primarily including legal fees and information technology usage and maintenance fees for its mobile application; (iv) office expenses; (v) bank charges; (vi) cost of consumables; (vii) depreciation and amortization charges for the Group's office equipment; (viii) auditors' remuneration; and (ix) others. The Group's administrative expenses decreased by approximately 23.1% from approximately RMB171.5 million for the year ended December 31, 2022 to approximately RMB131.9 million for the year ended December 31, 2023, primarily due to the decrease in management salaries as a result of staffing and cost optimization undertaken by the Company.

Loss on impairment of credit

Basic principles of impairment provision of trade receivables and other receivables

The Company measured the expected credit losses caused by the impairment of various trade receivables and other receivables in accordance with the "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments". Due to the impact of the general downward trend of the real estate industry, the Company assessed the provision ratio for bad debts in a prudent manner and made an impairment provision of approximately RMB157.5 million in 2023.

Income tax expenses

The Group's income tax expenses comprise PRC corporate income tax. The Group's income tax expenses decreased by approximately 54.9% from approximately RMB79.8 million for the year ended December 31, 2022 to approximately RMB36.0 million for the year ended December 31, 2023. Such decrease was primarily due to the decrease in the Group's profit before tax as a result of the decline of its business. For the year ended December 31, 2023, the Group's effective income tax rate was approximately 21.6%. During the Relevant Year, an increasing number of subsidiaries within the Group qualified as "small low-profit enterprises" with taxable incomes below RMB3 million. As a result, more entities within the Group benefited from preferential income tax treatment at a rate of 5%, in contrast to the general income tax rate of 25%. This lowered the effective tax rate for the Relevant Year.

Profit and adjusted profit for the year

As a result of the aforementioned changes in the Group's financial conditions, the Group's profit for the year decreased by approximately 46.8% from approximately RMB245.6 million for the year ended December 31, 2022 to approximately RMB130.7 million for the year ended December 31, 2023. After excluding the share-based payments (net of tax), the Group's adjusted profit for the year decreased by approximately 47.7% from approximately RMB252.9 million for the year ended December 31, 2022 to approximately RMB132.4 million for the year ended December 31, 2023.

Non-generally accepted accounting principles (“non-GAAP”) financial measure

The adjusted profit is a non-GAAP measure used by the management of the Group to provide additional information on its operating performance and is not a standard measure under CASBE. The adjusted profit takes out the impact of share-based payments, which are non-recurring and not indicative of the actual performance of the Group's business. The management of the Group believes that the non-GAAP measure provides investors with more clear view on the Group's financial results, and with useful supplementary information to assess the performance of the Group's strategic operations. The following table sets forth a reconciliation between the profit for the year and adjusted profit for the year:

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	130,692	245,576
Adjusted for:		
Share-based payments (net of tax)	1,707	7,371
Adjusted profit for the year	132,399	252,947

Profit attributable to owners of the Company

Profit attributable to owners of the Company amounted to approximately RMB126.3 million for the year ended December 31, 2023, representing a decrease of approximately 47.8% from approximately RMB242.1 million for the corresponding period in 2022.

Fixed assets, right-of-use assets and long-term prepaid expenses

The Group's fixed assets, right-of-use assets and long-term prepaid expenses comprise office equipment, machinery, vehicles, leasehold improvements and right-of-use assets. As of December 31, 2022 and 2023, the Group's fixed assets, right-of-use assets and long-term prepaid expenses amounted to approximately RMB63.1 million and RMB52.9 million, respectively. The decrease in the Group's property, plant and equipment during the year ended December 31, 2023 was primarily attributable to amortized amount of depreciation of assets.

Investment properties

The Group's investment properties represent car parks and retail units held to earn rentals and for capital appreciation. Its investment properties decreased from approximately RMB60.8 million as of December 31, 2022 to approximately RMB55.3 million as of December 31, 2023, which was mainly due to the disposal of investment properties as well as the impairment of investment property valuations.

Intangible assets

The Group's intangible assets mainly include computer software. The Group's intangible assets increased from approximately RMB6.3 million as of December 31, 2022 to approximately RMB10.6 million as of December 31, 2023, mainly due to the newly commissioned external research and development of the pan-retail O+O unified platform system during the period.

Inventories

The Group's inventories consist mainly of raw materials (vegetables, fruits, meat and eggs for convenience stores), convenience store merchandise, low-value consumables such as revolving materials. The Group's inventories increased from approximately RMB46.3 million as at December 31, 2022 to approximately RMB54.8 million as at December 31, 2023, which was mainly due to increase inventory of convenience store merchandise during the period.

Trade and other receivables and prepayments

The Group's trade and other receivables comprise trade receivables, note receivables, finance lease receivables, other receivables and prepayments to suppliers. As of December 31, 2023, the Group's trade and other receivables and prepayments amounted to approximately RMB3,035.3 million, representing an increase of approximately 8.5% from approximately RMB2,796.3 million as of December 31, 2022.

The Group's trade receivables mainly arise from the services provided under the Group's property management services, value-added services to non-property owners and community value-added services. As of December 31, 2023, the Group's trade receivables amounted to approximately RMB2,092.3 million, representing an increase of approximately 4.4% from approximately RMB2,004.7 million as of December 31, 2022.

As of December 31, 2023, the Group recorded finance lease receivables in the amount of approximately RMB6.0 million, primarily resulting from the finance lease agreements it entered into for sub-leasing certain car parks and retail units.

The Group's other receivables primarily consist of interest receivables, provisional payments, payments made on behalf of property owners and residents related to utility fees, collaboration deposits, tender deposits and advances to employees. As at December 31, 2023, the Group's other receivables amounted to approximately RMB786.0 million, representing an increase of approximately 12.9% as compared with that of approximately RMB696.4 million as at December 31, 2022.

As of December 31, 2023, the Group's prepayments amounted to approximately RMB149.1 million, representing an increase of approximately 77.5% as compared with that of approximately RMB84.0 million as of December 31, 2022. This was mainly due to the expansion of turnkey furnishing services under community value-added services and an increase in prepayments of materials procurement from property engineering business during the Relevant Year.

Trade and other payables

The Group's trade and other payables comprise trade payables, other payables, accrued payroll and taxes payables. As of December 31, 2023, the Group's trade and other payables amounted to approximately RMB1,620.7 million, representing an increase of approximately 4.0% from approximately RMB1,558.0 million as of December 31, 2022.

The Group's trade payables primarily represent its obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, including purchase of materials. As of December 31, 2023, the Group's trade payables amounted to approximately RMB860.0 million, representing an increase of approximately 4.8% from approximately RMB820.8 million as of December 31, 2022. This was mainly due to the increase in commodity payments during the Relevant Year.

The Group's other payables mainly represent deposits from property owners or residents and suppliers, maintenance funds for the properties under the Group's management, cash collected on behalf of property developers and owners, and utility fees paid on behalf of property owners and residents. As of December 31, 2023, the Group's other payables amounted to approximately RMB565.7 million, representing an increase of approximately 1.5% from approximately RMB557.6 million as of December 31, 2022.

As at December 31, 2023, the Group's accrued payroll was approximately RMB93.8 million, representing an increase of approximately 13.2% as compared with that of approximately RMB82.9 million as at December 31, 2022. This was mainly due to the increase in the deferred payroll of the Company as of December 31, 2023.

Working capital

The Group continues to meet the needs for its working capital, capital expenditure and other capital needs with cash generated from operations and proceeds from the Listing.

Net current assets

As of December 31, 2023, the Group's net current assets amounted to approximately RMB1,768.3 million (December 31, 2022: approximately RMB1,793.4 million). The Group's total current assets increased by approximately 2.2% from approximately RMB3,728.4 million as of December 31, 2022 to approximately RMB3,811.3 million as of December 31, 2023. The Group's total current liabilities increased by approximately 5.6% from approximately RMB1,935.0 million as of December 31, 2022 to approximately RMB2,043.0 million as of December 31, 2023. This was mainly due to the increase in current assets and current liabilities as a result of the acquisition of Hebei Jinxiang Property Co., Ltd.* (河北金項物業有限公司) and Wanjia Smart Environment (Beijing) Co., Ltd.* (萬家智慧環境(北京)有限公司) in the Relevant Year.

Cash and cash equivalents

As at December 31, 2023, the Group's cash and cash equivalents (excluding restricted bank deposits) amounted to approximately RMB659.3 million, representing a decrease of approximately 20.0% from approximately RMB824.3 million as at December 31, 2022, which was mainly attributable to the payment of RMB90.15 million for the acquisitions of Hebei Jinxiang Property Group Co., Ltd. * (河北金項物業集團有限公司) and Wanjia Smart Environment (Beijing) Co., Ltd.* (萬家智慧環境(北京)有限公司) in the Relevant Year.

Indebtedness

As at December 31, 2023, the Group's outstanding bank loans totalled RMB3.11 million (December 31, 2022: RMB3.61 million), of which, the bank loans arising from the acquisition of Hebei Jinxiang amounted to RMB2.0 million, which was due on March 27, 2024. Pursuant to the acquisition agreement for Hebei Jinxiang, the principal and interest of the loan shall be repaid by Langfang International Exhibition Group Co., Ltd.* (廊坊國際展覽集團有限公司), the vendor for the acquisition of Hebei Jinxiang (the “**Vendor**”), upon maturity. The bank loans arising from the acquisition of Wanjia Smart amounted to RMB1.11 million, which will be due on November 6, 2024 and expected to be repaid on schedule.

Pledge of assets

As of December 31, 2023, the Group did not have any pledged assets (December 31, 2022: nil).

Financial risks

The Group's activities are exposed to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Foreign exchange risk

The Group's businesses are principally conducted in RMB. As at December 31, 2023, the Group had amount of HK\$33.8 million, equivalent to RMB30.6 million. Fluctuation of the exchange rates of RMB against HK\$ could affect the Group's results of operations.

Currently, the Group does not implement any foreign currency hedging policy, but the management of the Group will closely monitor the exposure to any exchange rates and consider the use of hedging instruments if necessary.

Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, contract assets, cash deposits at banks and financial assets at fair value through profit or loss. The carrying amounts of trade and other receivables, cash and cash equivalents and financial assets at FVPL represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group expects that there is no significant credit risk associated with cash deposits at banks as they are substantially deposited at banks of high credit ratings. Management expects that there will not be any significant losses resulting from non-performance by these counterparties.

The Group expects that there is no significant credit risk associated with financial assets at fair value through profit or loss as the Group furnishes investment mandates to commercial banks, and these mandates require them to invest in wealth management products with high market credit rating, liquidity and stable return. Management expects that there will not be any significant losses resulting from non-performance by these counterparties.

The Group assessed that the expected credit loss (ECL) rates for trade and note receivables and contract assets from related parties were low considering the good financial position and credit history of the related parties. The Directors believe that there is no material credit risk inherent in trade and note receivables and contract assets from related parties. Apart from trade receivables and contract assets due from related parties, the Group has a large number of customers and there was no concentration of credit risk. In the event that the Group is unable to recover the receivables from the related parties, the Group will consider to take various measures, including but not limited to realize assets to offset debts (including residences, shops, parking spaces, apartments).

The Group expects the credit risk associated with other receivables due from related parties (including the loans due from related parties) to be low, since these entities have a strong capacity to meet their contractual cash flow obligations in the near term. The Group has assessed that the ECL rate for the amounts due from these entities are immaterial under the 12 months ECL method and considered them to have low credit risk, and thus the loss allowance is immaterial. Going forward, the management will continue to make periodic collective assessments as well as individual assessments on the recoverability of other receivables based on historical settlement records and past experience.

Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

CONTINGENT LIABILITIES AND LITIGATIONS

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

COMMITMENTS

As of December 31, 2023, the lease commitment of the Group as a lessee amounted to approximately RMB14.6 million (December 31, 2022: approximately RMB30.0 million).

KEY FINANCIAL RATIOS

As of December 31, 2023, the current ratio was 1.9 times (December 31, 2022: approximately 1.9 times) and its gearing ratio was approximately 49.6% (December 31, 2022: approximately 48.2%).

Current ratio is calculated based on the total current assets divided by the total current liabilities as of the respective dates and multiplied by 100%.

Gearing ratio is calculated based on the total liabilities, which represent the sum of current liabilities and non-current liabilities, divided by total assets, which represent the sum of current assets and non-current assets, as of the respective dates and multiplied by 100%.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of December 31, 2023, the Group had no material off-balance sheet commitments and arrangements.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On June 21, 2023, the Company, the Vendor and Hebei Jinxiang entered into the agreement in relation to the acquisition of 80% equity interest in Hebei Jinxiang by the Company from the Vendor, pursuant to which the Company agreed to acquire, and the Vendor agreed to dispose of, 80% equity interest in Hebei Jinxiang at a consideration of RMB40.0 million.

For further details, please refer to the announcement of the Company dated June 21, 2023.

On July 28, 2023, the Company, RiseSun Holdings Co., Ltd.* (榮盛控股股份有限公司) and Wanjia Smart entered into an agreement in relation to the acquisition of 70% equity interest of Wanjia Smart by the Company from the RiseSun Holdings Co., Ltd.* (榮盛控股股份有限公司), pursuant to which the Company agreed to acquire, and the RiseSun Holdings Co., Ltd.* (榮盛控股股份有限公司) agreed to dispose of, 70% equity interest in Wanjia Smart at a consideration of RMB50,155,000.

For further details, please refer to the announcement of the Company dated July 28, 2023.

On November 16, 2023, in order to address the Group's receivables exposure, the Company entered into a debts settlement framework agreement with RiseSun Real Estate Development Co., Ltd.* (榮盛房地產發展股份有限公司) and its subsidiaries and associates (excluding the Group) (the "**RiseSun Development Group**"), pursuant to which the Company acquired (i) a total of 10,870 parking spaces; and (ii) a total of 332 residential, office and retail units (with a total GFA of approximately 26,341.01 square meters) of the RiseSun Development Group in the PRC at a consideration of RMB567,857,855.55. It was agreed by the Company and the RiseSun Development Group under the debts settlement framework agreement that the consideration for the acquisition of settlement properties payable by the Group shall be offset against the receivables on a dollar-for-dollar basis, and thus no separate cash payment will be made by the Group to the RiseSun Development Group.

On January 31, 2024, the acquisition was approved by the Company in an extraordinary general meeting, after which the Group proceeded with the acquisition of settlement properties.

For further details, please refer to the circular of the Company dated January 12, 2024.

Save as disclosed above, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures, during the year ended December 31, 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Company had not executed any agreement in respect of material investment or capital asset and did not have any other plans relating to material investment or capital asset as at the date of this announcement. Nonetheless, if any potential investment opportunity arises in the coming future, the Company will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Company and the shareholders as a whole. The potential investment opportunity will be funded by internal resources, including the net proceeds from the Listing.

PROCEEDS FROM LISTING

The Company's H shares were listed on the Main Board of the Stock Exchange on January 15, 2021, with 94,000,000 new H Shares allotted and issued. The net proceeds from the Listing amounted to approximately HK\$1,168 million. Having considered the change in the market conditions and the business needs of the Group since the Listing, on June 16, 2023, the Board has resolved to change the use of the net proceeds such that the unutilized net proceeds in the amounts of approximately HK\$385.4 million from "strategic acquisitions and investments in property management companies" under "business expansion" will be re-allocated to: (i) fund the strategic acquisitions and investments in target companies engaging in environmental sanitation, medical beauty and tourism and accommodation totalled of approximately HK\$151.8 million; (ii) allow a further allocation of approximately HK\$58.4 million to "further diversify the Group's community value-added service offerings to cover housekeeping

services, community elderly care and healthcare service” under “enrich community value-added service offerings” and expand the coverage to include also “agricultural and sideline products and breeding and decoration services”; and (iii) allow a further allocation of approximately HK\$175.2 million to be used for “working capital and other general corporate purposes”. Upon completion of such changes, the relevant proceeds will be utilized in the following manner:

- Approximately 40.0% will be used to pursue selective strategic investment and acquisition opportunities to further expand business scale and geographic coverage and broaden service offerings;
- Approximately 20.0% will be used to enrich the Group’s community value-added service offerings;
- Approximately 15.0% will be used to upgrade the Group’s information technology infrastructure and promote smart community management;
- Approximately 25.0% will be used for general business purpose and working capital.

Further details on the utilisation of the net proceeds for the year ended December 31, 2023 will be disclosed in the annual report of the Company for the year ended December 31, 2023.

EMPLOYEES AND REMUNERATION POLICY

Human resource has always been the most valuable resource of the Group. As of December 31, 2023, the Group had a total of 7,743 full-time employees. For the year ended December 31, 2023, the staff cost recognised as expenses of the Group amounted to approximately RMB600.5 million (2022: approximately RMB687.3 million).

The Group has established a competitive incentives and performance assessment system, providing equity incentives and performance-based salaries and bonuses. The Group provides incentives based on evaluation of employees’ performance in a number of areas, such as business development, value-added services, basic service quality and overall performance. The Group provides incentives and bonuses on a combination of monthly, quarterly, annual and mid-to-long-term basis, and on regular and matter-specific basis, to motivate the employees’ contribution. According to the relevant PRC laws and regulations, the Group makes contributions to social insurance fund, including pension fund, medical insurance, unemployment insurance, work-related injury insurance, and maternity insurance, and housing provident fund for the benefit of the PRC employees.

The Group focuses on cultivating talents and providing different systematic training catering to individual needs. For example, the Group provides senior management with training on improvement of post-listing management and operational awareness, mid-level management with training on risk prevention and new business development empowerment, project managers with training on business professionalism and standardized operation, management trainees with training on improvement of basic-level management and professionalism etc., and continuously establishes and optimizes a hierarchical talent cultivation system to clear the development path for talents. As of December 31, 2023, the Group organized approximately 2,068 training sessions, with nearly 7,000 participants.

SIGNIFICANT EVENTS AFTER THE RELEVANT YEAR

There have not been any significant events taken place that have a material impact on the Group from December 31, 2023 and up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company (the “**Shareholders**”) and to enhance corporate value and accountability system. The Company has adopted the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix 14 (renamed as Appendix C1 with effect from December 31, 2023) to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company.

To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the CG Code during the Relevant Year.

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 (the “**Model Code**”) as set out in Appendix 10 (renamed as Appendix C3 with effect from December 31, 2023) to the Listing Rules as the code of conduct regarding securities transactions by its Directors, supervisors of the Company (the “**Supervisors**”) and employees (the “**Securities Dealing Code**”). The Company has made specific enquiries with all the Directors and Supervisors on whether they have complied with the required standard as set out in the Model Code for the Relevant Year and all the Directors and Supervisors confirmed that they have complied with the Model Code and the Securities Dealing Code for the year ended December 31, 2023.

No incident of non-compliance was found by the Company during the Relevant Year. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with the Securities Dealing Code and written guidelines on no less exacting terms than the Model Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the Relevant Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Board has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and monitor the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit. The Audit Committee consists of three members, namely Mr. Xu Shaohong Alex, Mr. Zhang Wenge and Mr. Jin Wenhui. The chairman of the Audit Committee is Mr. Xu Shaohong Alex, while Mr. Jin Wenhui, a member of Audit Committee, who holds appropriate accounting qualification.

REVIEW OF ANNUAL RESULTS

The Audit Committee has discussed with the management and the external auditor of the Company and has reviewed the annual results of the Group for the year ended December 31, 2023 together with the accounting standards and practices adopted by the Group. The Audit Committee has agreed with the management of the Company on the annual results of the Group for the year ended December 31, 2023.

SCOPE OF WORK OF SHINEWING CERTIFIED PUBLIC ACCOUNTANTS

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, and the related notes thereto for the year ended December 31, 2023 as set out in this announcement have been agreed by the Group's external auditor, ShineWing Certified Public Accountants LLP (“**ShineWing**”), to the amounts set out in the Group's audited consolidated financial statements for the Relevant Year. The work performed by ShineWing in this respect did not constitute an assurance engagement in accordance with auditing standards issued by the Chinese Institute of Certified Public Accountants and consequently no assurance has been expressed by ShineWing on this announcement.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, for the Relevant Year and up to the date of this announcement, the Company had maintained sufficient public float of at least 25% of the Company's total number of issued shares as required under the Listing Rules.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on Friday, June 28, 2024 (the “**2023 AGM**”) and a notice of the 2023 AGM will be published by the Company and despatched to the Shareholders in the manner prescribed under the Listing Rules in due course.

FINAL DIVIDEND

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

PUBLICATION OF AUDITED ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk as well as the website of the Company at www.roiserv.com. The annual report of the Company containing all the information required under the Listing Rules will be dispatched to the Shareholders (if required) and made available on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Roiserv Lifestyle Services Co., Ltd.
Geng Jianfu
Chairman and Executive Director

Langfang, the PRC, March 28, 2024

As at the date of this announcement, the executive Directors are Mr. Geng Jianfu, Ms. Liu Hongxia and Mr. Xiao Tianchi; the non-executive Director is Mr. Zhang Wenge; and the independent non – executive Directors are Mr. Jin Wenhui, Mr. Xu Shaohong Alex and Mr. Tang Yishu.

Any discrepancy in any table between totals and sums of individual amounts listed in any table are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

* *For identification purposes only*