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瑞森生活服務有限公司

RUISEN LIFE SERVICE CO, LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1922)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024 AND CONTINUED SUSPENSION OF TRADING

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”, each a “**Director**”) of Ruisen Life Service Co, Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated financial information of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 with comparative figures for the six months ended 30 June 2023.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
	<i>Notes</i>	2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
			(Restated)
REVENUE	4	957,821	946,735
Cost of sales		(817,641)	(789,372)
GROSS PROFIT		140,180	157,363
Other income and gains		7,543	11,201
Selling and distribution expenses		(1,707)	(2,501)
Administrative expenses		(67,785)	(56,914)
Loss on disposal of investment property		–	(1,884)
Impairment losses on financial assets, net		(59,619)	(31,185)
Impairment of parking lots deposits		(23,919)	–
Finance costs		(2,082)	(4,119)
Other expenses		(7,349)	(353)
Share of profits and losses of:			
Joint ventures		875	(945)
Associates		229	(472)

		Six months ended 30 June	
	<i>Notes</i>	2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
			(Restated)
(LOSS)/PROFIT BEFORE TAX		(13,634)	70,191
Income tax expense	5	<u>(2,241)</u>	<u>(22,019)</u>
(LOSS)/PROFIT FOR THE PERIOD		<u>(15,875)</u>	<u>48,172</u>
(Loss)/Profit attributable to:			
Owners of the parent		(15,388)	44,146
Non-controlling interests		<u>(487)</u>	<u>4,026</u>
		<u>(15,875)</u>	<u>48,172</u>
(LOSS)/EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY			
HOLDERS OF THE PARENT	7		
Basic and diluted (RMB cent per share)		<u>(5.76)</u>	<u>16.52</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Income tax relating to disposal of revaluated investment property that will not be reclassified		–	288
Exchange difference on translation of foreign operations		<u>838</u>	<u>1,496</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		<u>838</u>	<u>1,784</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		<u>(15,037)</u>	<u>49,956</u>
Total comprehensive (loss)/income attributable to:			
Owners of the parent		(14,550)	45,930
Non-controlling interests		<u>(487)</u>	<u>4,026</u>
		<u>(15,037)</u>	<u>49,956</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2024	31 December 2023
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited) (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		91,681	93,299
Investment properties		95,990	94,965
Right-of-use assets		3,837	2,935
Goodwill		27,411	27,411
Intangible assets		14,260	15,069
Investments in associates		3,999	3,460
Investments in joint ventures		4,714	3,885
Deferred tax assets		44,868	30,422
Pledged deposits		3,362	5,196
Total non-current assets		290,122	276,642
CURRENT ASSETS			
Inventories		10,257	9,761
Trade receivables	8	491,860	394,732
Due from related companies		69,490	111,313
Prepayments, deposits and other receivables		117,195	123,458
Financial assets at fair value through profit or loss ("FVTPL")		7,749	26,004
Pledged deposits		6,036	2,716
Restricted cash		–	639
Cash and cash equivalents		135,277	433,444
Total current assets		837,864	1,102,067

		30 June 2024	31 December 2023
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited) (Restated)
CURRENT LIABILITIES			
Trade payables	9	129,942	108,534
Other payables, deposits received and accruals		298,602	407,745
Contract liabilities		302,259	392,218
Due to related companies		40,984	33,068
Interest-bearing bank and other borrowings		50,635	64,569
Lease liabilities		19,079	17,798
Tax payable		18,610	40,447
Total current liabilities		860,111	1,064,379
NET CURRENT (LIABILITIES)/ASSETS		(22,247)	37,688
TOTAL ASSETS LESS CURRENT LIABILITIES		267,875	314,330
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		126	245
Lease liabilities		38,328	41,012
Deferred tax liabilities		6,676	7,103
Total non-current liabilities		45,130	48,360
NET ASSETS		222,745	265,970
EQUITY			
Equity attributable to owners of the parent			
Share capital	10	2,387	2,387
Reserves		166,268	210,081
		168,655	212,468
Non-controlling interests		54,090	53,502
TOTAL EQUITY		222,745	265,970

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

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

The English name of the Company had been changed from “Yincheng Life Service CO., Ltd.” to “Ruisen Life Service Co, Limited” and the dual foreign name had been changed from “銀城生活服務有限公司” to “瑞森生活服務有限公司”, both took effect from 10 July 2024.

The Company is an investment holding company. The Company’s subsidiaries are principally engaged in the provision of property management services and value-added services. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 6 November 2019. Trading in the shares of the Company on the Stock Exchange has been suspended since 28 August 2024 and will remain suspended until further notice.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023. The Interim Financial Information is presented in Renminbi (“**RMB**”), and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

Restatement of Previously Issued Audited Consolidated Financial Statements

During the year ended 31 December 2024, the Group received a report of allegations against Mr. Li Chunling (“**Mr. Li**”, the then executive director of the Company) from a whistleblower and a letter making certain allegations against Mr. Huang Qingping (“**Mr. Huang**”, the controlling shareholder and the then non-executive director). The Group engaged an independent forensic accountant (“**IFA**”) to review all the allegations and other issues that the IFA deemed necessary. Based on the findings by the IFA, the management of the Company identified misstatements in the previously issued consolidated financial statements for the year ended 31 December 2023 as follows:

Certain employees received salaries and bonuses paid through suppliers

From 1 January 2019 to 31 December 2023, certain senior management personnel and employees of the Group (the “**Employees**”) received salaries and bonuses totaling approximately RMB67 million, which were paid through designated suppliers (the “**Suppliers**”) of the Group. However, it was not properly accounted for in the prior years’ consolidated financial statements. Consequently, after assessing the underlying economic substance, the Group concluded that RMB0.3 million which was originally recorded in cost of sales for the six months ended 30 June 2023 should have been classified as administrative expenses. The Group made a prior year adjustment to increase administrative expenses by RMB0.3 million for the six months ended 30 June 2023, reflecting the proper classification of compensation payments that were initially recorded as cost of sales.

As these payments were employees’ compensation-related rather than genuine purchases, the Group should have to withhold individual income tax on behalf of the Employees in the relevant periods. Accordingly, a prior year adjustment was made to recognise the corresponding individual income tax payable on such compensation of RMB9.1 million as at 1 January 2023 and RMB11.2 million as at 31 December 2023, along with a corresponding receivable from the Employees. Given that some of the Employees have since left the Group, the collectability of certain receivables became uncertain. As a result, the Group recorded a prior year adjustment to recognise accumulated loss of RMB291,000, reflected as a decrease in retained profits as at 1 January 2023, and an additional loss of RMB97,000 for the year ended 31 December 2023.

Moreover, the input value-added tax (“**VAT**”) claimed on VAT invoices received from the Suppliers in connection with these transactions – now determined to be unrelated to actual goods or services purchased – was not eligible for deduction under VAT regulations. As a result, the Group recorded a prior year adjustment to reduce retained profits by RMB4.9 million as at 1 January 2023 and to increase other expenses by RMB283,000 for the year ended 31 December 2023, reflecting the reversal of previously claimed but non-deductible input VAT and the recognition of penalties for overdue tax payment.

Impairment loss on advances to 江蘇京安保安服務有限公司 (“Jing’an Security”) and share of result of this associate

Jing’an Security is an associate of the Group and provides security services to the Group. In 2020, the Group advanced a loan of RMB27 million to Jing’an Security, which, based on the cash flow, was used by Jing’an Security to acquire certain properties from a company controlled by Mr. Huang. As at 1 January 2023 and 31 December 2023, this advance was recorded as a service prepayment to Jing’an Security on the consolidated statement of financial position. However, given the nature of the transaction which was considered as a loan advance receivable from Jian’an Security, the amount should have been classified as a non-trade receivable from Jing’an Security. As a result, the Group made a prior year adjustment to reclassify RMB27 million from prepayments to non-trade receivables due from Jing’an Security as at 1 January 2023 and 31 December 2023. After assessing the recoverability of this non-trade receivable, the Group determined a full provision was required prior to 2023, and made a prior year adjustment to retained profits as at 1 January 2023 and 31 December 2023, leading to a decrease in retained profits by RMB27 million on both dates.

During the years ended 31 December 2022 and 2023, Jing'an Security settled certain financial products issued by a company controlled by Mr. Huang, which were financed by the Group through prepayments of service fees. Considering the underlying nature of these prepayments as funding arrangements and the weak financial capacity of Jing'an Security, the Group determined that these prepayments should be (i) reclassified as non-trade receivables due from Jing'an Security and (ii) fully provided for, except for an amount of RMB5.4 million which was settled by a company controlled by Mr. Huang. As a result, the Group made a prior year adjustment to reclassify RMB18.2 million and RMB44.9 million from prepayments to non-trade receivables due from Jing'an Security as at 1 January 2023 and 31 December 2023, respectively, and to recognise a provision on both dates, resulting in a decrease of retained profits by RMB18.2 million as at 1 January 2023 and an increase of impairment loss on the non-trade receivables by RMB17.6 million and RMB21.3 million for the six months ended 30 June 2023 and the year ended 31 December 2023, respectively, for a cumulative decrease of retained profits by RMB39.5 million as at 31 December 2023.

As a result of the above adjustments, the resulting balance with Jing'an Security is a trade payable in the amount of RMB43.9 million and RMB30.5 million as at 1 January 2023 and 31 December 2023, respectively.

After the above prior year adjustments, the Group also reassessed the financial statements of Jing'an Security for the year ended 31 December 2023. It concluded that Jing'an Security was in a net deficit position as at both 1 January 2023 and 31 December 2023. As a result, the Group's share of Jing'an Security's net profit and comprehensive income for the year ended 31 December 2023, and the carrying amount of the Group's investment in Jing'an Security as at 1 January 2023 and 31 December 2023, should have been zero. Accordingly, a prior year adjustment of RMB3.4 million to write down the investment in the associate was made as at both 1 January 2023 and 31 December 2023.

Advances and receivables from certain companies controlled by Mr. Huang (the “HQP-Controlled Companies”)

a. Adjustments on advances and receivables from the HQP-Controlled Companies

Starting from 2019, the Group made advances to the HQP-Controlled Companies. These advances were recorded as due from related parties in the Group’s consolidated financial statements, and were repaid shortly before 31 December each year (the “**Repayments**”). The IFA identified that the Repayments were, in substance, funded by bridging loans (“**Bridging Loans**”) – arrangements where the Group was committed to re-lend the funds back to the HQP-Controlled Companies within days of the Repayments so that the Bridging Loans can be settled. Despite the appearance of cash inflows from the Repayments, the underlying economic substance indicated that the advances were not actually settled as at 31 December each year. To correct the error, the Group made a prior year adjustment to recognise the advances to the HQP-Controlled Companies and the Bridging Loans liabilities of RMB93 million and RMB79 million, respectively, as at 1 January 2023 and 31 December 2023.

In addition to the advances to the HQP-Controlled Companies, in December 2023, the Group also utilised the same bridging loan arrangement to settle the Group’s trade receivables from property management services and interest receivables arising from the aforementioned advances. As this is not considered as a genuine settlement of the respective receivables, to correct the error, the Group made a prior year adjustment to reinstate the trade receivables of RMB13.3 million and interest receivables due from the HQP-Controlled Companies of RMB6.6 million and the corresponding Bridging Loans liabilities as at 31 December 2023.

The Group also identified a classification error between the advances to the HQP-Controlled Companies (1 January 2023: RMB30 million; 31 December 2023: RMB4.7 million), amounts due from Jing’an Security (1 January 2023: RMB25.9 million; 31 December 2023: RMB4.7 million) and other receivables (1 January 2023: RMB4.1 million; 31 December 2023: nil). A prior year adjustment was made accordingly to correct the error.

Furthermore, in December 2023, the Group entered into a settlement agreement with the HQP-Controlled Companies to settle certain outstanding advances of approximately RMB35 million through the transfer of certain properties and car parks owned by the HQP-Controlled Companies. The Group recorded these assets as investment properties and recognised a gain of approximately RMB1 million for the year ended 31 December 2023. However, due to the legal deficiency to transfer the underlying properties and car parks the Group entered into a memorandum of understanding with the HQP-Controlled Companies, effectively revoking the original settlement agreement. Accordingly, the derecognition of advances to the HQP-Controlled Companies, the recognition of the related investment properties, and the associated gain should not have been recorded in 2023 and was reversed as a prior year adjustment.

b. Expected credit loss on amounts due from the HQP-Controlled Companies

Following the prior year adjustments in section (a), there was an increase in the balances of advances, trade receivables, and interest receivables due from the HQP-Controlled Companies as at both 1 January and 31 December 2023. The Group reassessed the expected credit loss of advances, trade receivables, and interest receivables due from the HQP-Controlled Companies, and made a prior year adjustment to correctly reflect the expected credit loss, leading to a decrease of retained profits by RMB142.1 million as at 1 January 2023, an increase of expected credit loss by RMB3.4 million and RMB221,000 for the six months ended 30 June 2023 and the year ended 31 December 2023, respectively, and a cumulative decrease of retained profits by RMB142.3 million as at 31 December 2023. The related deferred tax impact was also adjusted with RMB609,000 and RMB554,000 as at 1 January 2023 and 31 December 2023 and an increase in income tax expense by RMB230,000 for the six months ended 30 June 2023.

c. Interest expenses associated with Bridging Loans liabilities

The Group did not record interest expenses associated with the Bridging Loans liabilities, amounting to RMB3.7 million and RMB1.7 million for the years ended 31 December 2022 and 2023, respectively, and RMB450,000 for the six months ended 30 June 2023. The Group made a prior year adjustment to correctly reflect the interest expenses associated with the Bridging Loans liabilities, leading to a decrease of retained profits by RMB3.7 million as at 1 January 2023, an increase of finance costs by RMB1.7 million for the year ended 31 December 2023 and a cumulative decrease of retained profits by RMB5.4 million as at 31 December 2023.

d. Tax exposure relating to the advances to the HQP-Controlled Companies

Although the Group has not recognised the interest income from the advances to the HQP-Controlled Companies since the year ended 31 December 2022, it should nevertheless have accrued for VAT and corporate income tax (“CIT”) exposure related to these uncollectible interest income according to the applicable tax laws and regulations. Tax liabilities of RMB3.7 million (VAT: RMB636,000, CIT: RMB3.1 million) and RMB5.6 million (VAT: RMB981,000, CIT: RMB4.6 million) should have been recognised as at 1 January 2023 and 31 December 2023, respectively. The Group made a prior year adjustment to correctly reflect the tax exposure, leading to a decrease of retained profits by RMB3.7 million as at 1 January 2023, an increase of other expenses by RMB345,000 and income tax expense by RMB1.6 million for the year ended 31 December 2023, an increase of income tax expense by RMB776,000 for the six months ended 30 June 2023, and a cumulative decrease of retained profits by RMB5.6 million as at 31 December 2023.

e. Cash flows related to the Bridging Loans and the HQP-Controlled Companies

In addition, cash flows related to the Bridging Loans arrangement have been reclassified from investing activities to financing activities for the six months ended 30 June 2023.

Reclassification of Prior Year Presentation

Certain prior year amount have been reclassified for consistency with the current year presentation. The reclassification has no effect on the reported results.

Management has corrected these misstatements to the consolidated financial statements of the Group as at 1 January 2023 and 31 December 2023 and for the year then ended and the condensed consolidated financial statements of the Group for the six months ended 30 June 2023. The following tables present the restatement made by the Group to reflect the corrections in the relevant line items of the consolidated financial statements as previously reported for the year ended 31 December 2023 and the six months ended 30 June 2023.

Condensed consolidated statement of profit or loss and other comprehensive income
for the six months ended 30 June 2023

	Adjustments by category						As restated RMB'000
	As previously reported RMB'000	(i) Certain employees received salaries and bonuses paid through suppliers RMB'000	(ii) Impairment loss on advances to Jing'an Security and share of result of this associate RMB'000	(iii) Advances and receivables from HQP- Controlled Companies RMB'000	(iv) Reclassification of prior year amounts for consistency with the current period presentation RMB'000	Total adjustments RMB'000	
REVENUE	946,735	–	–	–	–	–	946,735
Cost of sales	(799,486)	300	–	–	9,814	10,114	(789,372)
GROSS PROFIT	147,249	300	–	–	9,814	10,114	157,363
Other income and gains	11,201	–	–	–	–	–	11,201
Selling and distribution expenses	(2,501)	–	–	–	–	–	(2,501)
Administrative expenses	(46,800)	(300)	–	–	(9,814)	(10,114)	(56,914)
Loss on disposal of an investment property	(1,844)	–	–	–	–	–	(1,844)
Impairment losses on financial assets, net	(16,937)	–	(17,605)	3,357	–	(14,248)	(31,185)
Finance costs	(3,669)	–	–	(450)	–	(450)	(4,119)
Other expenses	(353)	–	–	–	–	–	(353)
Share of profits of:							
Associates	(575)	–	103	–	–	103	(472)
Joint ventures	(945)	–	–	–	–	–	(945)
PROFIT BEFORE TAX	84,786	–	(17,502)	2,907	–	(14,595)	70,191
Income tax expense	(21,013)	–	–	(1,006)	–	(1,006)	(22,019)
PROFIT FOR THE YEAR	63,773	–	(17,502)	1,901	–	(15,601)	48,172
Profit attributable to:							
Owners of the parent	59,747	–	(17,502)	1,901	–	(15,601)	44,146
Non-controlling interests	4,026	–	–	–	–	–	4,026
	63,773	–	(17,502)	1,901	–	(15,601)	48,172
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT							
Basic (RMB cent per share)	22.36	–	(6.55)	0.71	–	(5.84)	16.52
Diluted (RMB cent per share)	22.36	–	(6.55)	0.71	–	(5.84)	16.52

Condensed consolidated statement of profit or loss and other comprehensive income
for the six months ended 30 June 2023

	Adjustments by category					Total adjustments RMB'000	As restated RMB'000
	(i) Certain employees received salaries and bonuses paid through suppliers RMB'000	(ii) Impairment loss on advances to Jing'an Security and share of result of this associate RMB'000	(iii) Advances and receivables from HQP- Controlled Companies RMB'000	(iv) Reclassification of prior year amounts for consistency with the current period presentation RMB'000			
As previously reported RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
OTHER COMPREHENSIVE INCOME							
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:							
Income tax relating to fair value gain on disposal of a revaluated investment property during the year	288	–	–	–	–	–	288
Exchange differences on translation of foreign operations	1,496	–	–	–	–	–	1,496
OTHER COMPREHENSIVE INCOME FOR THE YEAR	1,784	–	–	–	–	–	1,784
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	65,557	–	(17,952)	2,351	–	(15,601)	49,956
Total comprehensive income attributable to:							
Owners of the parent	61,531	–	(17,952)	2,351	–	(15,601)	45,930
Non-controlling interests	4,026	–	–	–	–	–	4,026
	65,557	–	(17,952)	2,351	–	(15,601)	49,956

Consolidated statement of financial position as at 31 December 2023

Consolidated statement of financial position as at 31 December 2022						
	Adjustments by category					
		(i) Certain employees received salaries and bonuses paid through suppliers	(ii) Impairment loss on advances to Jing'an Security and share of result of this associate	(iii) Advances and receivables from HQP-Controlled Companies	Total adjustments	As restated
	As previously reported RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
NON-CURRENT ASSETS						
Property, plant and equipment	93,299	—	—	—	—	93,299
Investment properties	131,039	—	—	(36,074)	(36,074)	94,965
Right-of-use assets	2,935	—	—	—	—	2,935
Goodwill	27,411	—	—	—	—	27,411
Intangible assets	15,069	—	—	—	—	15,069
Investments in associates	6,871	—	(3,411)	—	(3,411)	3,460
Investments in joint ventures	3,885	—	—	—	—	3,885
Deferred tax assets	30,976	—	—	(554)	(554)	30,422
Pledged deposits	5,196	—	—	—	—	5,196
Total non-current assets	316,681	—	(3,411)	(36,628)	(40,039)	276,642
CURRENT ASSETS						
Inventories	9,761	—	—	—	—	9,761
Trade receivables	394,732	—	—	—	—	394,732
Due from related companies	166,739	—	(41,524)	(13,902)	(55,426)	111,313
Prepayments, deposits and other receivables	112,651	10,807	—	—	10,807	123,458
Financial assets at fair value through profit or loss	26,004	—	—	—	—	26,004
Pledged deposits	2,716	—	—	—	—	2,716
Restricted cash	639	—	—	—	—	639
Cash and cash equivalents	433,444	—	—	—	—	433,444
Total current assets	1,146,686	10,807	(41,524)	(13,902)	(44,619)	1,102,067
CURRENT LIABILITIES						
Trade payables	108,534	—	—	—	—	108,534
Other payables, deposits received and accruals	291,574	16,390	—	99,781	116,171	407,745
Contract liabilities	392,218	—	—	—	—	392,218
Due to related companies	7,950	—	25,118	—	25,118	33,068
Interest-bearing bank and other borrowings	64,569	—	—	—	—	64,569
Lease liabilities	17,798	—	—	—	—	17,798
Tax payable	35,830	—	—	4,617	4,617	40,447
Total current liabilities	918,473	16,390	25,118	104,398	145,906	1,064,379
NET CURRENT ASSETS	228,213	(5,583)	(66,642)	(118,300)	(190,525)	37,688
TOTAL ASSETS LESS CURRENT LIABILITIES						
	544,894	(5,583)	(70,053)	(154,928)	(230,564)	314,330

Consolidated statement of financial position as at 31 December 2023

	Adjustments by category				Total adjustments RMB'000	As restated RMB'000
	As previously reported RMB'000	(i) Certain employees received salaries and bonuses paid through suppliers RMB'000	(ii) Impairment loss on advances to Jing'an Security and share of result of this associate RMB'000	(iii) Advances and receivables from HQP- Controlled Companies RMB'000		
NON-CURRENT LIABILITIES						
Interest-bearing bank and other borrowings	245	–	–	–	–	245
Lease liabilities	41,012	–	–	–	–	41,012
Deferred tax liabilities	7,103	–	–	–	–	7,103
Total non-current liabilities	48,360	–	–	–	–	48,360
NET ASSETS	496,534	(5,583)	(70,053)	(154,928)	(230,564)	265,970
EQUITY						
Equity attributable to owners of the parent						
Share capital	2,387	–	–	–	–	2,387
Reserves	440,645	(5,583)	(70,053)	(154,928)	(230,564)	210,081
	443,032	(5,583)	(70,053)	(154,928)	(230,564)	212,468
Non-controlling interests	53,502	–	–	–	–	53,502
TOTAL EQUITY	496,534	(5,583)	(70,053)	(154,928)	(230,564)	265,970

Consolidated statement of financial position as at 1 January 2023

Adjustments by category						
	(i) Certain employees received salaries and bonuses paid through suppliers	(ii) Impairment loss on advances to Jing'an Security and share of result of this associate	(iii) Advances and receivables from HQP-Controlled Companies	Total adjustments	As restated	
As previously reported	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	
NON-CURRENT ASSETS						
Property, plant and equipment	89,570	—	—	—	89,570	
Investment properties	50,794	—	—	—	50,794	
Right-of-use assets	7,762	—	—	—	7,762	
Goodwill	27,411	—	—	—	27,411	
Intangible assets	18,732	—	—	—	18,732	
Investments in associates	5,649	—	(3,415)	(3,415)	2,234	
Investments in joint ventures	3,584	—	—	—	3,584	
Deferred tax assets	14,720	—	—	(609)	14,111	
Pledged deposits	1,876	—	—	—	1,876	
Total non-current assets	220,098	—	(3,415)	(609)	216,074	
CURRENT ASSETS						
Inventories	10,558	—	—	—	10,558	
Trade receivables	342,083	—	—	—	342,083	
Due from related companies	200,964	—	(1,475)	(48,655)	150,834	
Prepayments, deposits and other receivables	100,473	8,829	—	(4,100)	105,202	
Financial assets at fair value through profit or loss	76,434	—	—	—	76,434	
Pledged deposits	2,101	—	—	—	2,101	
Cash and cash equivalents	292,058	—	—	—	292,058	
Total current assets	1,024,671	8,829	(1,475)	(52,755)	979,270	
CURRENT LIABILITIES						
Trade payables	75,404	—	—	—	75,404	
Other payables, deposits received and accruals	287,983	14,032	—	93,636	395,651	
Contract liabilities	338,194	—	—	—	338,194	
Due to related companies	13,146	—	43,862	—	57,008	
Interest-bearing bank and other borrowings	112,066	—	—	—	112,066	
Lease liabilities	7,822	—	—	—	7,822	
Tax payable	20,682	—	—	3,065	23,747	
Total current liabilities	855,297	14,032	43,862	96,701	1,009,892	
NET CURRENT ASSETS/(LIABILITIES)	169,374	(5,203)	(45,337)	(149,456)	(30,622)	
TOTAL ASSETS LESS CURRENT LIABILITIES	389,472	(5,203)	(48,752)	(150,065)	185,452	

Consolidated statement of financial position as at 1 January 2023

	Adjustments by category					
		(i) Certain employees received salaries and bonuses paid through suppliers	(ii) Impairment loss on advances to Jing'an Security and share of result of this associate	(iii) Advances and receivables from HQP-Controlled Companies	Total adjustments	As restated
	As previously reported RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
NON-CURRENT LIABILITIES						
Interest-bearing bank and other borrowings	6,480	—	—	—	—	6,480
Lease liabilities	8,987	—	—	—	—	8,987
Deferred tax liabilities	9,029	—	—	—	—	9,029
Total non-current liabilities	24,496	—	—	—	—	24,496
NET ASSETS	364,976	(5,203)	(48,752)	(150,065)	(204,020)	160,956
EQUITY						
Equity attributable to owners of the parent						
Share capital	2,387	—	—	—	—	2,387
Reserves	322,300	(5,203)	(48,752)	(150,065)	(204,020)	118,280
	324,687	(5,203)	(48,752)	(150,065)	(204,020)	120,667
Non-controlling interests	40,289	—	—	—	—	40,289
TOTAL EQUITY	364,976	(5,203)	(48,752)	(150,065)	(204,020)	160,956

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The above amendments did not have any significant impact on the financial position or performance of the Group.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	955,895	944,961
Revenue from other sources		
Gross rental income from investment property	<u>1,926</u>	<u>1,774</u>
Total	<u>957,821</u>	<u>946,735</u>

Disaggregated revenue from contracts with customers

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
Types of goods or services		
Property management services	688,223	730,677
Value-added services	267,672	214,284
Total revenue from contracts with customers	<u>955,895</u>	<u>944,961</u>
Timing of revenue recognition		
Recognised over time	913,192	900,579
Recognised at a point in time	42,703	44,382
Total revenue from contracts with customers	<u>955,895</u>	<u>944,961</u>

5. INCOME TAX

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

PRC corporate income tax has been provided at the rate of 25% (2023 :25%) on the taxable profits of the Group's PRC subsidiaries for the period. Some subsidiaries are qualified as small low-profit enterprises and subject to a tax rate of 5% (2023: 5%) for the period.

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited) (Restated)
Current tax:		
PRC corporate income tax	18,471	(26,072)
Deferred tax	(20,712)	4,053
Total tax charge for the period	<u>(2,241)</u>	<u>(22,019)</u>

6. DIVIDEND

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Special dividend declared – HK12.4 cents (2023: Nil) per ordinary share	<u>30,020</u>	<u>–</u>

7. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 267,152,000 (for the six months ended 30 June 2023: 267,152,000).

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the period ended 30 June 2024 (for the six months ended 30 June 2023: Nil) in respect of a dilution as the impact of the share option outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

The calculations of basic and diluted (loss)/earnings per share are based on:

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited) (Restated)
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	<u>(15,388)</u>	<u>44,146</u>
	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	<u>267,152,000</u>	<u>267,152,000</u>

8. TRADE RECEIVABLES

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Trade receivables	554,843	442,734
Impairment	(62,983)	(48,002)
Total	<u>491,860</u>	<u>394,732</u>

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

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Within 1 year	444,114	366,089
Over 1 year and within 2 years	39,163	19,716
Over 2 years and within 3 years	8,583	8,927
Total	<u>491,860</u>	<u>394,732</u>

9. TRADE PAYABLES

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

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Within 1 year	127,135	105,951
Over 1 year	2,807	2,583
Total	<u>129,942</u>	<u>108,534</u>

10. SHARE CAPITAL

	30 June 2024 <i>HK\$'000</i>	31 December 2023 <i>HK\$'000</i>
Authorised:		
2,000,000,000 (2023: 2,000,000,000) ordinary shares of HK\$0.01 each	<u>20,000</u>	<u>20,000</u>
	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Issued and fully paid:		
267,152,000 (2023: 267,152,000) ordinary shares of HK\$0.01 each	<u>2,387</u>	<u>2,387</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is an established property management service provider in the PRC with over 26 years of industry experience that engages in the provision of diversified property management services and value-added services. As at 30 June 2024, the Group's property management services covered 24 PRC cities, of which 19 cities are in the Yangtze River Delta Megalopolis. The Group managed 1,084 properties, including 647 residential properties and 437 non-residential properties, serving over 620,000 households which covers over 1.95 million people as at 30 June 2024.

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

Leveraging on the Group's business scale, operational efficiency, excellent service quality, development potential and social responsibility, the Group ranked the 14th among the China Top 100 Property Management Companies* (中國物業服務百強企業) in 2024 and the 2nd among the Top 50 Property Management Companies of Jiangsu Province* (江蘇省物業服務行業綜合實力五十強企業) in 2024, and ranked the 1st in the Nanjing Property Management Industry Credit Handbook Directory (南京市物業管理行業信用手冊名錄) for three consecutive years in 2020-2022. The Group was awarded the Leading Market-Oriented Operation Enterprise in China's Property Management Industry* (中國物業管理行業市場化營運領先企業) in 2024. It is also worth mentioning that Nanjing Huiren HengAn Property Management Co., Ltd.* (南京匯仁恆安物業管理有限公司), a subsidiary of the Company which principally engages in the provision of property management services to hospitals, is also on the list of the China Top 100 Property Management Companies* (中國物業服務百強企業).

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

Property Management Services

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

Geographical Coverage

The Group has grown from a local property management service provider in Nanjing to one of the leading property management service providers in both Nanjing and the Jiangsu Province. The Group has been actively expanding its business to cities other than Nanjing in recent years and has made a great progress.

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

	As at 30 June		
	2024		2023
	Number of managed properties	<i>Increase</i>	Number of managed properties
Nanjing	799	2.4%	780
Districts outside Nanjing	285	10.5%	258
Total	1,084	4.4%	1,038

Types of Property Management Services

The Group provides property management services in respect of both residential and non-residential properties. As at 30 June 2024, the non-residential properties comprise 11 types of properties, namely government facilities, financial institutions, property sales offices, medical institutions, commercial complex, parks, transportation facilities, industrial parks, mixed-use properties, schools and office buildings.

While the provision of property management services in respect of residential properties is still the foundation of the Group's revenue generation and scale expansion, the Group is seeking to improve its brand awareness in the non-residential sector by diversifying its service provided to include other types of non-residential properties, optimising its project portfolio and adjusting its business structure. The Group's provision of property management services in respect of non-residential properties has grown stably and reached 437 properties as at 30 June 2024, representing an increase of approximately 6.8% period-on-period.

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

	As at 30 June	
	2024	2023
	Number of managed properties	Number of managed properties
	<i>Increase</i>	
Residential properties	647	629
Non-residential properties	437	409
Total	1,084	1,038

Revenue Model

For the six months ended 30 June 2024, all of the Group’s property management fees were charged on a lump sum basis.

Project Sources

The Group is known for its market-oriented model and has strong external expansion capabilities. As at 30 June 2024, approximately 95.9% of the Group’s projects were obtained from the market, either from property owners associations or independent third party property developers. At the same time, the Group has also been providing property management services to (i) Yincheng International Holding Co., Ltd. and its subsidiaries; and (ii) Yincheng Real Estate Group Co., Ltd. and its subsidiaries (collectively, the “**Yincheng Group**”).

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

	As at 30 June	
	2024	2023
	Number	Number
	<i>Increase</i>	
Projects from independent third parties	1,040	995
Projects from Yincheng Group	44	43
Total	1,084	1,038

Value-added Services

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

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

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 1.2% from approximately RMB946.7 million for the six months ended 30 June 2023 to approximately RMB957.8 million for the six months ended 30 June 2024, mainly attributable to an increase in the number of residential and non-residential projects undertaken by the Group which led to an increase in the income from the provision of value-added services.

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

	Six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Property management services	688,223	71.9	730,677	77.2
Value-added services	267,672	27.9	214,284	22.6
Gross rental income from investment property	1,926	0.2	1,774	0.2
Total	957,821	100.0	946,735	100.0

Revenue from the provision of property management services decreased by approximately 5.8% from approximately RMB730.7 million for the six months ended 30 June 2023 to approximately RMB688.2 million for the six months ended 30 June 2024. Such decrease was primarily due to that the Group proactively quitted some loss-making projects at the end of 2023 while the new projects obtained in the first half of 2024 were yet to contribute revenue.

Revenue from the provision of value-added services increased by approximately 24.9% from approximately RMB214.3 million for the six months ended 30 June 2023 to approximately RMB267.7 million for the six months ended 30 June 2024. Such increase was primarily due to an increase of the number of projects under management.

Cost of Sales

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

The Group's cost of sales increased by approximately 3.6% from approximately RMB789.4 million for the six months ended 30 June 2023 to approximately RMB817.6 million for the six months ended 30 June 2024, primarily due to (i) an increase in the number of staff and subcontracting costs as a result of the expansion of the Group's business, and (ii) the fact that since 1 January 2024 the minimum wage level and the social security base in the Jiangsu Province has increased by approximately 9.2% and 8.5%, respectively, resulting in a substantial increase in the wages and social insurance payable by the Group, and hence a substantial increase in the staff cost.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit decreased by approximately 10.9% from approximately RMB157.4 million for the six months ended 30 June 2023 to approximately RMB140.2 million for the six months ended 30 June 2024. The gross profit margin decreased from approximately 16.6% for the six months ended 30 June 2023 to approximately 14.6% for the six months ended 30 June 2024. Such decrease was primarily due to the increase in staff costs compared to the same period in 2023.

Other Income and Gains

The Group's other income and gains mainly represents interest income, investment income, government grants, gain on disposal of items of property, plant and equipment and others.

The Group's other income and gains decreased by approximately 32.7% from approximately RMB11.2 million for the six months ended 30 June 2023 to approximately RMB7.5 million for the six months ended 30 June 2024, primarily due to the decrease of investment income from FVTPL.

Selling and Distribution Expenses

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

The Group's selling and distribution expenses decreased by approximately 31.7% from approximately RMB2.5 million for the six months ended 30 June 2023 to approximately RMB1.7 million for the six months ended 30 June 2024, primarily due to effective cost saving initiatives.

Administrative Expenses

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

The Group's administrative expenses increased by approximately 19.1% from approximately RMB56.9 million for the six months ended 30 June 2023 to approximately RMB67.8 million for the six months ended 30 June 2024, primarily due to an increase in staff costs as a result of the expansion of the Group's business and the increase of social insurance expenses.

Net Impairment Losses on Financial Assets

The Group's net impairment losses on financial assets increased by approximately 91.2% from approximately RMB31.2 million for the six months ended 30 June 2023 to approximately RMB59.6 million for the six months ended 30 June 2024, primarily due to an increase of the impairment of trade receivables and due from related companies of the Group.

Finance Costs

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

The Group's finance costs decreased by approximately 49.5% from approximately RMB4.1 million for the six months ended 30 June 2023 to approximately RMB2.1 million for the six months ended 30 June 2024, primarily due to the repayment of borrowings of approximately RMB14.1 million.

Income Tax Expense

The Group's income tax refers to PRC corporate income tax at a tax rate of 25% on taxable profits of its subsidiaries incorporated in the PRC. Some subsidiaries of the Group are qualified as small low-profit enterprises and thus are subject to a preferential tax rate of 5% for the six months ended 30 June 2024.

The Group's income tax expense decreased by approximately 89.8% from approximately RMB22.1 million for the six months ended 30 June 2023 to approximately RMB2.2 million for the six months ended 30 June 2024, primarily due to that the Group's operating results turned from the profit before tax amounted to approximately RMB70.2 million in the six months ended 30 June 2023 to loss before tax of approximately RMB13.6 million in the six months ended 30 June 2024.

Loss for the Period

As a result of the foregoing, the Group's operating results turned from the net profit of approximately RMB48.2 million in the six months ended 30 June 2023 to the net loss of approximately RMB15.9 million in the six months ended 30 June 2024. Profit attributable to owners of the Company of approximately RMB44.1 million in the six months ended 30 June 2023 also turned to be a loss of approximately RMB15.4 million for the six months ended 30 June 2024.

Liquidity, Reserves and Capital Structure

The Group maintained a healthy financial position during the six months ended 30 June 2024. The Group's current assets amounted to approximately RMB837.9 million as at 30 June 2024, representing a decrease of approximately 24.0% as compared to approximately RMB1,102.1 million as at 31 December 2023. The Group's cash and cash equivalents amounted to approximately RMB135.3 million as at 30 June 2024, representing a decrease of approximately 68.8% as compared to RMB433.4 million as at 31 December 2023, primarily due to (i) a decrease in borrowings by approximately RMB14.1 million; and (ii) the usual practice of the Group's residential properties customers to pay property management fee at the end of the year, leading to an increase in trade receivables and a decrease in cash and cash equivalents of the Group.

The Group's total equity amounted to approximately RMB222.7 million as at 30 June 2024, representing a decrease of approximately 16.3% as compared to approximately RMB266.0 million as at 31 December 2023. Such decrease was mainly due to loss for the period and the payment of the special dividends declared in February 2024.

As at 30 June 2024, the Group had net current liabilities of approximately RMB22.2 million (31 December 2023: net current assets of approximately RMB37.7 million).

Property, Plant and Equipment

The Group's property, plant and equipment amounted to approximately RMB91.7 million as at 30 June 2024, representing a slight decrease of approximately 1.7% as compared to that of approximately RMB93.3 million as at 31 December 2023.

During the six months ended 30 June 2024, the Group acquired assets of property, plant and equipment at a total cost of approximately RMB6,793,000 (30 June 2023: RMB18,557,000, excluding property, plant and equipment acquired through a business combination), and disposed property, plant and equipment with net book value of approximately RMB757,000 (30 June 2023: RMB170,000).

Trade Receivables

The Group's trade receivables primarily consist of receivables for its property management services and value-added services from its customers.

The Group's trade receivables amounted to approximately RMB491.9 million as at 30 June 2024, representing an increase of approximately 24.6% as compared to approximately RMB394.7 million as at 31 December 2023. Such increase in trade receivables was due to (i) an increase of the Group's revenue during the period; (ii) the usual practice of the Group's residential properties customers to pay property management fee at the end of the year; and (iii) the usual practice of the Group's non-residential properties customers to pay property management fee once per quarter.

Prepayments, Deposits and Other Receivables

The Group's prepayments, deposits and other receivables amounted to approximately RMB117.2 million as at 30 June 2024, representing a decrease of approximately 5.1% as compared to approximately RMB123.5 million as at 31 December 2023. This was mainly due to a decrease in other deposits as a result of the Group selectively chose high-quality projects with more reasonable bid bond and performance bond.

Due from Related Companies

The Group recorded due from related companies of approximately RMB69.5 million as at 30 June 2024, representing a decrease of approximately 37.6% as compared to that of approximately RMB111.3 million as at 31 December 2023. The increase was primarily due to the increase in impairment allowance of approximately RMB68.6 million while the gross amount of due from related parties increased by approximately RMB3.7 million from 31 December 2023 to 30 June 2024.

Financial Assets at Fair Value through Profit or Loss

The Group's financial assets at fair value through profit or loss was approximately RMB7.7 million as at 30 June 2024, representing a decrease of 70.2% as compared to RMB26.0 million as at 31 December 2023. This was mainly due to the redemption of the wealth management products from different independent third party financial institutions during the six months ended 30 June 2024.

Trade Payables

The Group's trade payables primarily consist of payables to suppliers and subcontractors. The Group's trade payables amounted to approximately RMB129.9 million as at 30 June 2024, representing an increase of approximately 19.7% as compared to approximately RMB108.5 million as at 31 December 2023. This was mainly due to an increase in the number of property management projects undertaken by the Group.

Other Payables, Deposits Received and Accruals

The Group's other payables, deposits received and accruals amounted to approximately RMB298.6 million as at 30 June 2024, representing a decrease of 26.8% as compared to that of approximately RMB407.7 million as at 31 December 2023. The decrease was primarily due to the decrease in the Bridging Loans due to third parties which was approximately RMB98.8 million as at 31 December 2023 and RMB Nil as at 30 June 2024 because the Company has ceased such arrangement in this reporting period.

Contract Liabilities

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

The Group's contract liabilities amounted to approximately RMB302.3 million as at 30 June 2024, representing a decrease of approximately 22.9% as compared to that of approximately RMB392.2 million as at 31 December 2023. This was mainly due to the usual practice of the Group in receiving property management fees for the coming year in advance in the second half of the previous year.

Borrowings

As at 30 June 2024, the Group had interest-bearing bank and other borrowings of RMB50.7 million. The Group's borrowings were all denominated in Renminbi.

Gearing Ratio

The Group's gearing ratio is calculated based on net debt divided by total capital plus net debt. The Group includes, within net debt, interest-bearing bank borrowings, Bridging Loans included in other payables, deposits received and accruals, amounts due to related companies and lease liabilities, less cash and cash equivalents. The Group's capital represents equity attributable to owners of the Company. As at 30 June 2024, the Group's gearing ratio was 7.6% (31 December 2023: not applicable).

Pledge of Assets

As at 30 June 2024, the Group's bank and other borrowings were secured by (i) certain of the Group's buildings with a net carrying amount of approximately RMB19.0 million; and (ii) the Group's investment properties with an aggregate carrying amount of approximately RMB11.6 million.

Save as disclosed above, the Company had no other pledged assets as at 30 June 2024.

Contingent Liabilities

The Group had no material contingent liabilities or guarantees as at 30 June 2024.

Exchange Rate Risk

As all of the Group's businesses are conducted in the PRC, revenue and profits for the six months ended 30 June 2024 were denominated in RMB. As at 30 June 2024, the Group did not have significant foreign currency exposure from its operations. The Group currently has not used derivative financial instruments to hedge its foreign exchange risk. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Employees and Remuneration Policies

As at 30 June 2024, the Group had a total of 12,326 employees. The Group offers employees competitive remuneration packages that include fees, salaries, allowances and benefits in kind, bonuses and pension scheme contribution, equity settled and share option scheme and social welfare. The Group contributes to social insurance for its employees, including medical insurance, work-related injury insurance, retirement insurance, maternity insurance, unemployment insurance and housing funds.

Material Acquisition and Disposal

During the six months ended 30 June 2024 and up to the date of this announcement, the Group did not perform any material acquisition or disposal of subsidiaries and associates.

Subsequent Events

Investigation

Reference is made to the announcements of the Company dated 11 June 2024, 5 July 2024, 25 November 2024, 27 February 2025 and 18 August 2025 in relation to, among others, a report of allegations (the "**Allegation A**") against Mr. Li Chunling (a then executive Director) ("**Mr. Li**") and an email making certain allegations (the "**Allegation B**") against Mr. Huang Qingping (a then non-executive Director) ("**Mr. Huang**").

The main allegations under Allegation A are (i) Mr. Li had, during 2019 to 2023, procured the Company to issue off-the-books bonus payments to himself without the approval of the Board; and (ii) Mr. Li is interested in an entity with a nominee holding the interest of such entity on his behalf and, without disclosing his interest in such entity, formed a joint venture company with the Group.

The main allegations under Allegation B which are subject to independent forensic review by the independent forensic accountant (the “**Independent Forensic Accountant**”) appointed by the Board are (i) the related party transactions in relation to “Advances to related companies” as disclosed under the sections headed “Related Party Transactions” in certain previous annual reports were in fact transactions conducted by the Group with related entities controlled by Mr. Huang; (ii) Mr. Huang misappropriated all the listing proceeds of the Company and has yet to return such proceeds to the Company and Mr. Huang had from time to time instigated Ms. Huang Xuemei (a then executive Director and chief financial officer of the Company) to misappropriate the operational capital of the Company since the listing of the Company; and (iii) the personal expenditures of Mr. Huang had been reimbursed by the Company.

The Board has appointed PricewaterhouseCoopers Management Consulting (Shanghai) Limited* (普華永道管理諮詢(上海)有限公司) as the Independent Forensic Accountant to assist the Investigation Committee (comprising the then independent non-executive directors) in the investigation of the Allegation A and the Allegation B as stated above.

The key findings of the report (the “**First Stage Report**”) from the Independent Forensic Accountant were published in the Company’s announcement dated 25 November 2024 and the Board had resolved to remove Mr. Li’s role as president with effect from 25 November 2024. As announced on 27 February 2025, the Board had engaged the Independent Forensic Accountant to conduct the second stage investigation forensic review to address the outstanding issues identified in the First Stage Report (the “**Second Stage Investigation Forensic Review**”) and the Company also appointed Zhonghui Anda Risk Services Limited (中匯安達風險管理有限公司) as its independent professional adviser (“**IC Adviser**”) to conduct a thorough review to identify any deficiencies of the Company’s internal controls, and to make recommendations to improve the Company’s internal controls and to ensure compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The key findings of the Second Stage Investigation Forensic Review were published in the Company’s announcement dated 18 August 2025. The Independent Forensic Accountant recommended the Investigation Committee to consider retaining an internal control expert to assist in reviewing the Company’s internal control upon the completion of the independent forensic review, provide recommendations for remedial actions and evaluate whether the remediated controls had been operating effectively as intended.

Resumption Guidance

On 11 November 2024, the Company received a letter from the Stock Exchange (the “**Letter**”) setting out guidance for the resumption of trading in shares of the Company on the Stock Exchange (the “**Resumption Guidance**”). Pursuant to the Resumption Guidance, the Company shall (a) publish all outstanding financial results required under the Listing Rules and address any audit modifications; (b) conduct an appropriate independent forensic investigation into the allegations, announce the findings, assess the impact on the Company’s business operations and financial position, and take appropriate remedial actions; (c) demonstrate that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group’s management and/or any persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage market confidence; (d) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules; (e) demonstrate the Company’s compliance with Rule 13.24; (f) re-comply with Rule 13.92; and (g) inform the market of all material information for the Company’s shareholders and other investors to appraise the Company’s position.

Under Rule 6.01A(1) of the Listing rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company fails to remedy the issues causing its trading suspension, fulfill the Resumption Guidance and fully comply with the Listing Rules to the Stock Exchange’s satisfaction and resume trading in its shares by 27 February 2026, the Listing Division of the Stock Exchange will recommend the Listing Committee to proceed with the cancellation of the Company’s listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

The Company has been and is taking steps to fulfil the Resumption Guidance. Please refer to the announcements of the Company dated 18 November 2024, 27 November 2024, 27 February 2025, 27 May 2025, 18 August 2025 and 27 August 2025. The Company will make further announcement(s) in relation to the above matters as and when appropriate and in accordance with the requirements of the Listing Rules to keep the Shareholders and its potential investors informed of the latest progress in complying with the Resumption Guidance.

Changes in information of Directors

The changes in the information of the Directors as notified to the Company since the Company’s last published 2023 annual report are as follows:

1. Mr. Li Chunling was removed as executive Director with effect from 3 June 2024 and his role as the president of the Company and any other role within the Group was suspended with effect from 7 June 2024. Mr. Li has subsequently been removed as the president and any other role within the Group with effect from 25 November 2024.
2. Mr. Xie Chenguang was re-designated from non-executive Director to executive Director and was appointed as the acting president with effect from 8 June 2024. He ceased to be a member of Audit Committee with effect from 29 June 2024 and ceased to be the acting president with effect from 21 February 2025. Subsequently, Mr. Xie resigned as an executive Director and chairman of the Board, and ceased to be the chairman of the Nomination Committee and a member of the Remuneration Committee, all effective from 3 November 2025.

3. Ms. Huang Xuemei retired as an executive Director at the conclusion of the annual general meeting held on 29 June 2024.
4. Mr. Li Yougen was appointed as a member of the Audit Committee with effect from 29 June 2024.
5. Mr. Pan Xiaohu was re-designated from a non-executive Director to an executive Director with effect from 24 December 2024.
6. Ms. Zhang Mingming was appointed as a non-executive Director with effective from 24 December 2024.
7. Mr. Zhu Li was appointed as a non-executive Director with effect from 24 December 2024. He was re-designated from a non-executive Director to an executive Director and was appointed as the chairman of the Board, the chairman of the Nomination Committee and a member of the Remuneration Committee, all effective from 3 November 2025.
8. Ms. Tang Wai Ha was appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of the Nomination Committee with effect from 19 September 2025.
9. Mr. Chow Siu Hang ceased to be the chairman of the Audit Committee with effect from 19 September 2025. He resigned as an independent non-executive Director and the chairman and member of the investigation committee of the Company with effect from 22 September 2025.
10. Mr. Wen Hao was appointed as a non-executive Director with effect from 3 November 2025.
11. Ms. Ma Wehong was appointed as a non-executive Director with effect from 3 November 2025.
12. Mr. Huang Qingping resigned as a non-executive Director with effect from 3 November 2025.

Save as disclosed above, as at the date of this announcement, there was no change in the Directors, information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Change of Company Name

At the annual general meeting of the Company held on 29 June 2024 (the “**2024 AGM**”), a special resolution was approved by the shareholders of the Company in respect of the change of company name. The certificate of incorporation on change of name was issued by the Registrar of Companies in the Cayman Islands on 10 June 2024 certifying the change of the English name of the Company from “Yincheng Life Service CO., Ltd.” to “Ruisen Life Service Co, Limited” and the dual foreign name from “銀城生活服務有限公司” to “瑞森生活服務有限公司”, both took effect from 10 July 2024. The certificate of registration of alteration of name of registered non-Hong Kong company was issued by the Companies Registry in Hong Kong on 29 July 2024, confirming the registration of the Company’s new English and Chinese names in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

Alteration of the Company's Memorandum and Articles of Association

As approved by the shareholders, a special resolution was duly passed at the 2024 AGM to adopt the third amended and restated memorandum and articles of association of the Company.

Save as disclosed above, the Directors are not aware of any material events undertaken by the Group after the six months ended 30 June 2024.

OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any securities of the Company for the six months ended 30 June 2024.

INTERIM DIVIDEND

A special dividend of HK12.4 cents (2023: Nil) per ordinary share, amounting to a total of RMB30,020,000 was declared to the shareholders of the Company on 22 February 2024.

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

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

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

Save for the deviation from code provisions C.2.1 and C.1.7 of the CG Code as explained below, during the six months ended 30 June 2024, the Company has complied with all applicable code provisions as set out in the CG Code, and will continue to review and enhance its corporate governance practices, and identify and formalise measures and policies to ensure compliance with the CG Code.

Pursuant to code provision C.2.1 of the CG Code as set forth in Part 2 of Appendix C1 to the Listing Rules, the roles of the chairman and chief executive of a listed issuer should be separate and should not be performed by the same individual. As announced by the Company on 11 June 2024, Mr. Xie Chenguang (“**Mr. Xie**”) served as both the chairman and the acting president with effect from 8 June 2024. Although such practice deviated from code provision C.2.1 of the CG Code, the Board considered that this is an interim measure pending the investigation and time was needed for the Board to seek for an appropriate candidate as president. Further, in view of Mr. Xie’s personal profile, extensive relevant industry knowledge and his work experience in and familiarity with the Group, the Board had confidence in vesting the roles of both the chairman and acting president in Mr. Xie and believed that this allowed for more effective planning and execution of business strategies of the Group. In addition, under the supervision of the Board which, apart from Mr. Xie, then comprised three non-executive Directors and three independent non-executive Directors, the Board was appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

Subsequently, Mr. Liu Yonggang was appointed as the president of the Company with effect from 21 February 2025 and Mr. Xie ceased to act as the acting president of the Company with effect from 21 February 2025, thereby the role of chairman and chief executive function of the Company has been segregated. As such, code provision C.2.1 of the CG Code has been re-complied.

Pursuant to code provision C.1.7, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Company has not arranged appropriate insurance cover in respect of legal action against its directors and officers during the six months ended 30 June 2024. Despite reasonable efforts, the Company has yet to identify a suitable insurance policy with reasonable premium while providing adequate cover to the Directors. The Company will continue to seek appropriate insurance cover in this regard.

Non-compliance with the Listing Rules

Pursuant to Rule 3.21 of the Listing Rules, the audit committee of a listed issuer shall comprise non-executive directors only. As announced by the Company on 11 June 2024, following the re-designation of Mr. Xie as an executive Director, the composition of the Audit Committee failed to meet the relevant requirements under the Listing Rules. The Board has appointed Mr. Li Yougen, an independent non-executive Director, as a member of the Audit Committee in place of Mr. Xie on 29 June 2024. Following this appointment, the Audit Committee comprises of three independent non-executive Directors. The Company re-complies with the relevant requirements under Rule 3.21 of the Listing Rules on the composition and membership of the Audit Committee.

Pursuant to Rule 13.92 of the Listing Rules, the Stock Exchange will not consider diversity to be achieved for a single gender board. Following the retirement of Ms. Huang Xuemei as an executive Director at the conclusion of the 2024 AGM, the Company had a single gender board and did not meet the requirement under Rule 13.92 of the Listing Rules. The Company has appointed Ms. Zhang Mingming as a non-executive Director with effect from 24 December 2024. After such appointment, the Company re-complies with the requirement of diversity of board members under Rule 13.92 of the Listing Rules.

Review of interim results

As at the date of this announcement, the Audit Committee of the Company comprises three independent non-executive Directors, namely Ms. Tang Wai Ha, Mr. Mao Ning and Mr. Li Yougen, with Ms. Tang Wai Ha as the chairperson of the Audit Committee. The Audit Committee has reviewed and discussed the Group's unaudited interim condensed consolidated financial information for the six months ended 30 June 2024, which has been approved by the Board on 21 November 2025 prior to its issuance. The Audit Committee is of the view that the unaudited interim condensed consolidated financial information is in compliance with the applicable accounting standards, the Listing Rules and other legal requirements, and that sufficient disclosure has been made.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules and the code for dealing in securities of the Company by the Directors as adopted by the Company (the “**Securities Dealing Code**”) as its own codes of conduct governing the Directors. All Directors confirmed, after having made specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code and the Securities Dealing Code for the six months ended 30 June 2024 and up to the date of this announcement.

No incident of non-compliance was found by the Company for the six months ended 30 June 2024. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

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

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.ruisenlife.hk). The 2024 interim report will be available on the websites of the Stock Exchange and the Company respectively in due course.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended since 9:04 a.m. on 28 August 2024 and will remain suspended until further notice.

By order of the Board
Ruisen Life Service Co, Limited
Zhu Li
Chairman

Nanjing, China
21 November 2025

As at the date of this announcement, the executive Directors are Mr. Zhu Li and Mr. Pan Xiaohu; the non-executive Directors are Mr. Wen Hao, Mr. Yao Ning, Ms. Ma Wenhong and Ms. Zhang Mingming; and the independent non-executive Directors are Mr. Li Yougen, Mr. Mao Ning and Ms. Tang Wai Ha.

* for identification purposes only