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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024 AND CONTINUED SUSPENSION OF TRADING

RESULTS HIGHLIGHTS

- Revenue in 2024 was approximately RMB1,955.7 million, representing a decrease of approximately 0.9% as compared to approximately RMB1,973.2 million in 2023.
- Gross profit in 2024 was approximately RMB272.0 million, representing a decrease of approximately 12.6% as compared to approximately RMB311.3 million in 2023. Gross profit margin in 2024 was approximately 13.9%, representing a decrease of 1.9 percentage point as compared to approximately 15.8% in 2023.
- Loss in 2024 was approximately RMB20.6 million, representing a decrease of approximately 121.2% as compared to profit of approximately RMB97.0 million in 2023. Net loss margin in 2024 was approximately 1.1%.
- Loss attributable to owners of the Company in 2024 was approximately RMB26.7 million, representing a decrease of approximately 129.5% as compared to profit attributable to owners of the Company of approximately RMB90.3 million in 2023.
- Loss per share attributable to ordinary equity holders of the Company in 2024 was approximately RMB9.98 cents per share (2023: earnings per share RMB33.79 cents).
- As at 31 December 2024, the Group's cash and cash equivalents amounted to approximately RMB394.4 million (2023: approximately RMB433.4 million).

The board (the “**Board**”) of directors (the “**Director(s)**”) of Ruisen Life Service Co, Limited (the “**Company**” or “**Ruisen Life Service**”) is pleased to announce the preliminary annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 with comparative figures for the year ended 31 December 2023. The annual results have been prepared in accordance with the IFRS Accounting Standards (the “**IFRSs**”). In addition, the annual results have also been reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	<i>Notes</i>	2024 RMB'000	2023 RMB'000 (Restated)
REVENUE	4	1,955,694	1,973,200
Cost of sales		<u>(1,683,672)</u>	<u>(1,661,887)</u>
GROSS PROFIT		272,022	311,313
Other income and gains		14,887	19,168
Selling and distribution expenses		(4,940)	(5,274)
Administrative expenses		(106,312)	(98,742)
Loss on disposal of an investment property		–	(1,844)
Fair value losses on investment properties		(19,418)	(415)
Impairment losses on financial assets, net		(104,899)	(79,852)
Impairment of parking lots deposits		(53,701)	–
Finance costs		(4,357)	(7,402)
Other expenses		(3,570)	(2,814)
Share of profits and losses of:			
Associates		227	179
Joint ventures		<u>(1,767)</u>	<u>751</u>
(LOSS)/PROFIT BEFORE TAX		(11,828)	135,068
Income tax expense	5	<u>(8,750)</u>	<u>(38,056)</u>
(LOSS)/PROFIT FOR THE YEAR		<u>(20,578)</u>	<u>97,012</u>
(Loss)/profit attributable to:			
Owners of the parent		(26,664)	90,275
Non-controlling interests		<u>6,086</u>	<u>6,737</u>
		<u>(20,578)</u>	<u>97,012</u>
(LOSS)/EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY			
HOLDERS OF THE PARENT			
Basic (RMB cent per share)	7	<u>(9.98)</u>	<u>33.79</u>
Diluted (RMB cent per share)	7	<u>(9.98)</u>	<u>33.79</u>

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Restated)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/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
Exchange differences on translation of foreign operations	<u>(104)</u>	<u>10</u>
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent period	<u>(104)</u>	<u>298</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	<u>(104)</u>	<u>298</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	<u>(20,682)</u>	<u>97,310</u>
Total comprehensive (loss)/income attributable to:		
Owners of the parent	(26,768)	90,573
Non-controlling interests	<u>6,086</u>	<u>6,737</u>
	<u>(20,682)</u>	<u>97,310</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

		31 December 2024	31 December 2023	1 January 2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i> (Restated)	<i>RMB'000</i> (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		71,532	93,299	89,570
Investment properties		83,548	94,965	50,794
Right-of-use assets		2,656	2,935	7,762
Goodwill		27,411	27,411	27,411
Intangible assets		12,365	15,069	18,732
Investments in associates		11,470	3,460	2,234
Investments in joint ventures		3,446	3,885	3,584
Deferred tax assets		61,963	30,422	14,111
Pledged deposits		5,274	5,196	1,876
Total non-current assets		279,665	276,642	216,074
CURRENT ASSETS				
Inventories		5,443	9,761	10,558
Trade receivables	8	420,947	394,732	342,083
Due from related companies	11	22,697	111,313	150,834
Prepayments, deposits and other receivables		116,689	123,458	105,202
Financial assets at fair value through profit or loss (“FVTPL”)		–	26,004	76,434
Pledged deposits		7,849	2,716	2,101
Restricted cash		11,590	639	–
Cash and cash equivalents		394,377	433,444	292,058
Total current assets		979,592	1,102,067	979,270

		31 December 2024	31 December 2023	1 January 2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i> (Restated)	<i>RMB'000</i> (Restated)
CURRENT LIABILITIES				
Trade payables	9	126,663	108,534	75,404
Other payables, deposits received and accruals		306,806	407,745	395,651
Contract liabilities		412,067	392,218	338,194
Due to related companies	11	51,525	33,068	57,008
Interest-bearing bank and other borrowings		49,000	64,569	112,066
Lease liabilities		21,444	17,798	7,822
Tax payable		37,380	40,447	23,747
Total current liabilities		<u>1,004,885</u>	<u>1,064,379</u>	<u>1,009,892</u>
NET CURRENT (LIABILITIES)/ ASSETS		<u>(25,293)</u>	<u>37,688</u>	<u>(30,622)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>254,372</u>	<u>314,330</u>	<u>185,452</u>
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings		–	245	6,480
Lease liabilities		35,956	41,012	8,987
Deferred tax liabilities		4,950	7,103	9,029
Total non-current liabilities		<u>40,906</u>	<u>48,360</u>	<u>24,496</u>
NET ASSETS		<u><u>213,466</u></u>	<u><u>265,970</u></u>	<u><u>160,956</u></u>
EQUITY				
Equity attributable to owners of the parent				
Share capital	10	2,387	2,387	2,387
Reserves		153,739	210,081	118,280
		156,126	212,468	120,667
Non-controlling interests		<u>57,340</u>	<u>53,502</u>	<u>40,289</u>
TOTAL EQUITY		<u><u>213,466</u></u>	<u><u>265,970</u></u>	<u><u>160,956</u></u>

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The registered office address of the Company is at 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. During the year ended 31 December 2024, the subsidiaries now comprising the Group were involved 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

These financial statements have been prepared in accordance with IFRS Accounting Standards (“**IFRSs**”) (which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations) issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

The Group had a net loss attributable to owners of the parent of RMB26,664,000 for the year ended 31 December 2024 and net current liabilities of RMB25,293,000 as at 31 December 2024.

The financial statements were prepared based on the assumption that the Group can be operated as a going concern and the directors are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 31 December 2024, after taking into consideration the following:

- (i) the estimated cash flows of the Group for the next twelve months from the end of the reporting period;
- (ii) the plan for the acceleration of the collection of property management service fee and expansion of external business; and
- (iii) the available unutilised banking facilities of the Group.

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 RMB3.3 million which was originally recorded in cost of sales for the year ended 31 December 2023 should have been classified as administrative expenses. The Group made a prior year adjustment to increase administrative expenses by RMB3.3 million for the year ended 31 December 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 RMB21.3 million for the year ended 31 December 2023, 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.

In addition, cash flows related to advances to Jing’an Security, which was originally recorded in operating activities, have been reclassified to investing activities to reflect the loan to an associate for the year ended 31 December 2023. The Group also discovered that an operating cash inflows of RMB38.4 million related to Jing’an Security was incorrectly included in investing activities for the year ended 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 RMB221,000 for the year ended 31 December 2023 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.

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. 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 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 year ended 31 December 2023. Also, RMB2.5 million in cash flows related to the HQP-Controlled Companies for the year ended 31 December 2023 have been reclassified from operating activities to investing activities, pursuant to findings in the IFA’s investigation report.

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. 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.

**Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 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	Total adjustments RMB'000	
REVENUE	1,973,200	–	–	–	–	1,973,200
Cost of sales	(1,665,151)	3,264	–	–	3,264	(1,661,887)
GROSS PROFIT	308,049	3,264	–	–	3,264	311,313
Other income and gains	20,258	–	–	(1,090)	(1,090)	19,168
Selling and distribution expenses	(5,274)	–	–	–	–	(5,274)
Administrative expenses	(95,478)	(3,264)	–	–	(3,264)	(98,742)
Loss on disposal of an investment property	(1,844)	–	–	–	–	(1,844)
Fair value losses on investment properties	(415)	–	–	–	–	(415)
Impairment losses on financial assets, net	(58,326)	–	(21,305)	(221)	(21,526)	(79,852)
Finance costs	(5,692)	–	–	(1,710)	(1,710)	(7,402)
Other expenses	(2,089)	(380)	–	(345)	(725)	(2,814)
Share of profits of:						
Associates	175	–	4	–	4	179
Joint ventures	751	–	–	–	–	751
PROFIT BEFORE TAX	160,115	(380)	(21,301)	(3,366)	(25,047)	135,068
Income tax expense	(36,559)	–	–	(1,497)	(1,497)	(38,056)
PROFIT FOR THE YEAR	123,556	(380)	(21,301)	(4,863)	(26,544)	97,012
Profit attributable to:						
Owners of the parent	116,819	(380)	(21,301)	(4,863)	(26,544)	90,275
Non-controlling interests	6,737	–	–	–	–	6,737
	123,556	(380)	(21,301)	(4,863)	(26,544)	97,012
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic (RMB cent per share)	43.73	(0.14)	(7.98)	(1.82)	(9.94)	33.79
Diluted (RMB cent per share)	43.73	(0.14)	(7.98)	(1.82)	(9.94)	33.79

**Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 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	Total adjustments 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	10	–	–	–	–	10
Net other comprehensive income that will not be reclassified to profit or loss in subsequent period	298	–	–	–	–	298
OTHER COMPREHENSIVE INCOME FOR THE YEAR	298	–	–	–	–	298
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	123,854	(380)	(21,301)	(4,863)	(26,544)	97,310
Total comprehensive income attributable to:						
Owners of the parent	117,117	(380)	(21,301)	(4,863)	(26,544)	90,573
Non-controlling interests	6,737	–	–	–	–	6,737
	123,854	(380)	(21,301)	(4,863)	(26,544)	97,310

Consolidated statement of financial position as at 31 December 2023

	Adjustments by category					As restated RMB '000
	As previously reported RMB '000	(ii) Impairment			Total adjustments RMB '000	
		(i) Certain employees received salaries and bonuses paid through suppliers RMB '000	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 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					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	Total adjustments 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	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)	(609)	14,111
Pledged deposits	1,876	—	—	—	—	1,876
Total non-current assets	220,098	—	(3,415)	(609)	(4,024)	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)	(50,130)	150,834
Prepayments, deposits and other receivables	100,473	8,829	—	(4,100)	4,729	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)	(45,401)	979,270
CURRENT LIABILITIES						
Trade payables	75,404	—	—	—	—	75,404
Other payables, deposits received and accruals	287,983	14,032	—	93,636	107,668	395,651
Contract liabilities	338,194	—	—	—	—	338,194
Due to related companies	13,146	—	43,862	—	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	3,065	23,747
Total current liabilities	855,297	14,032	43,862	96,701	154,595	1,009,892
NET CURRENT ASSETS/(LIABILITIES)	169,374	(5,203)	(45,337)	(149,456)	(199,996)	(30,622)
TOTAL ASSETS LESS CURRENT LIABILITIES	389,472	(5,203)	(48,752)	(150,065)	(204,020)	185,452

Consolidated statement of financial position as at 1 January 2023

	Adjustments by category					
		(ii) Impairment				
		(i) Certain employees received salaries and bonuses paid through suppliers	loss on advances to Jing'an Security and share of result of this associate	(iii) Advances and receivables from HQP-Controlled Companies		
As previously reported					Total adjustments	As restated
RMB '000	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

Consolidated statement of changes in equity for the year ended 31 December 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	Total adjustments RMB'000	
At 1 January 2023	364,976	(5,203)	(48,752)	(150,065)	(204,020)	160,956
Profit for the year	123,556	(380)	(21,301)	(4,863)	(26,544)	97,012
Other comprehensive income for the year						
Income tax relating to fair value gain on disposal of a revaluated investment property during the year	288	–	–	–	–	288
Foreign currency translation differences	10	–	–	–	–	10
Total comprehensive income for the year	123,854	(380)	(21,301)	(4,863)	(26,544)	97,310
Appropriations to statutory surplus reserve	–	–	–	–	–	–
Transfer investment property revaluation reserve upon disposal of properties	–	–	–	–	–	–
Acquisition of subsidiaries	2,394	–	–	–	–	2,394
Disposal of a subsidiary	1,214	–	–	–	–	1,214
Capital contribution from non- controlling shareholders	3,505	–	–	–	–	3,505
Dividends paid to non-controlling interests of a subsidiary	(637)	–	–	–	–	(637)
Equity-settled share-based payment	1,228	–	–	–	–	1,228
As at 31 December 2023	496,534	(5,583)	(70,053)	(154,928)	(230,564)	265,970

Consolidated statement of cash flows for the year ended 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		
Net cash flows generated from operating activities	199,461	–	65,872	(52,416)	13,456	212,917
Net cash flows generated from/ (used in) investing activities	3,493	–	(65,872)	46,616	(19,256)	(15,763)
Net cash flows used in financing activities	(61,568)	–	–	5,800	5,800	(55,768)
NET INCREASE IN CASH AND CASH EQUIVALENTS	141,386	–	–	–	–	141,386
Cash and cash equivalents at beginning of the year	292,058	–	–	–	–	292,058
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	433,444	–	–	–	–	433,444

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following amended IFRS Accounting Standards for the first time for the current year's financial statements.

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

The nature and the impact of the amended IFRS Accounting Standards are described below:

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

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

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

4. REVENUE

An analysis of revenue is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers	1,946,985	1,965,085
Revenue from other sources		
Gross rental income from investment property operating leases:		
Lease payments, including fixed payments	8,709	8,115
	<u>1,955,694</u>	<u>1,973,200</u>

Revenue from contracts with customers

Disaggregated revenue information:

	2024 RMB'000	2023 RMB'000
Types of goods or services		
Property management services	1,585,669	1,536,723
Value-added services	361,316	428,362
	<u>1,946,985</u>	<u>1,965,085</u>
Timing of revenue recognition		
Recognised over time	1,749,399	1,758,937
Recognised at a point in time	197,586	206,148
	<u>1,946,985</u>	<u>1,965,085</u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Property management services	366,323	312,669
Value-added services	22,855	25,525
	<u>389,178</u>	<u>338,194</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 Company and its 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 for the year ended 31 December 2024 (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 year. Some subsidiaries are qualified as small low-profit enterprises and subject to a tax rate of 5% (2023: 5%) for the year.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Restated)
Current tax:		
PRC corporate income tax	42,460	56,005
Deferred tax	<u>(33,710)</u>	<u>(17,949)</u>
Total tax charge for the year	<u>8,750</u>	<u>38,056</u>

6. DIVIDEND

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Restated)
Special dividend – HK12.4 cents (2023: Nil) per ordinary share	<u>30,020</u>	<u>–</u>

On 22 February 2024, the board of directors has approved to declare a special dividend to the shareholders of the Company at the rate of HK\$0.124 per share, which amounted to a total of HK\$33,127,000 (approximately RMB30,020,000). As at 31 December 2024, the aggregate amount of HK\$23,988,000 (RMB21,557,000) had been fully distributed, while the unpaid portion of HK\$9,139,000 (RMB8,463,000) was classified as dividends payable included in “Other payables, deposits received and accruals” in the consolidated statement of financial position.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: nil).

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

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

No adjustment has been made to the basic (loss)/earnings per share presented for the year ended 31 December 2024 (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:

	2024 RMB'000	2023 <i>RMB'000</i> (Restated)
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent		
used in the basic earnings per share calculation	<u>(26,664)</u>	<u>90,275</u>
	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u>267,152,000</u>	<u>267,152,000</u>

8. TRADE RECEIVABLES

	2024 RMB'000	2023 <i>RMB'000</i>
Trade receivables	501,276	442,734
Impairment	<u>(80,329)</u>	<u>(48,002)</u>
	<u>420,947</u>	<u>394,732</u>

Trade receivables arise from the provision of property management services and value-added services. Property management service income from properties managed under a lump sum basis is received in accordance with the terms of the relevant property management service agreements and due for payment by the residents upon the issuance of demand notes by the Group. Service income for the provision of repair and maintenance and other equipment upgrade services is received in accordance with the terms of the relevant contract agreements, normally within 60 days from the issuance of payment requests. Other value-added service income is due for payment upon the issuance of demand notes.

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

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:

	2024 RMB'000	2023 <i>RMB'000</i>
Within 1 year	342,098	366,089
Over 1 year and within 2 years	70,159	19,716
Over 2 years and within 3 years	8,690	8,927
	<u>420,947</u>	<u>394,732</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 RMB'000	2023 <i>RMB'000</i>
At beginning of the year	48,002	34,203
Impairment losses	32,327	13,799
	<u>80,329</u>	<u>48,002</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:

	2024 RMB'000	2023 <i>RMB'000</i>
Within 1 year	120,386	105,951
Over 1 year	6,277	2,583
	<u>126,663</u>	<u>108,534</u>

The trade payables are interest-free and are normally settled on terms of 60 to 90 days.

10. SHARE CAPITAL

	2024 <i>RMB'000</i>	2023 <i>RMB'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>
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
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>

11. DUE FROM AND DUE TO RELATED COMPANIES

As at 31 December 2024, due from related companies included trade receivables from rendering of property management services amounted to RMB17,772,000 net of allowance (2023: RMB50,112,000). An ageing analysis of trade receivables of related parties as at the end of the reporting period, based on the date of recognition and net of allowance, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year	16,885	28,767
Over 1 year and within 2 years	798	13,307
Over 2 years and within 3 years	<u>89</u>	<u>8,038</u>
	<u>17,772</u>	<u>50,112</u>

As at 31 December 2024, due to related companies included trade payables amounted to RMB44,791,000 (2023: RMB33,068,000). An ageing analysis of the trade payables of related parties as at the end of the reporting period, based on the invoice date, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year	42,313	32,873
Over 1 year	<u>2,478</u>	<u>195</u>
	<u>44,791</u>	<u>33,068</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 31 December 2024, the Group's property management services covered 25 PRC cities, of which 20 cities are in the Yangtze River Delta Megalopolis. The Group managed 1,051 properties, including 618 residential properties and 433 non-residential properties, serving over 610,000 households which covers over 1.93 million people as at 31 December 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 obtained various awards in 2024 including ranking 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 was awarded the Leading Property Management Companies in terms of Marketisation of Business* (中國物業管理行業市場化運營領先企業) 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 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.

Geographic 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 actively expanded its business to cities outside Nanjing in recent years and has made considerable progress.

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

	As at 31 December		
	2024	2023	
	Number of managed properties	Number of managed properties	<i>Increase/ (decrease) %</i>
Nanjing	770	787	(2.2%)
Districts outside Nanjing	281	270	4.1%
Total	1,051	1,057	(0.6%)

Types of Property Management Services

The Group provides property management services in respect of both residential and non-residential properties. As at 31 December 2024, the non-residential properties managed by the Group comprised 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 the foundation of the Group's revenue generation and scale expansion, the Group is actively seeking to improve its brand awareness in the non-residential sector by diversifying its services offerings 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 433 projects as at 31 December 2024, representing an increase of approximately 3.8% year-on-year.

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 31 December		
	2024	2023	
	Number of managed properties	Number of managed properties	<i>Increase/ (decrease) %</i>
Residential properties	618	640	(3.4%)
Non-residential properties	433	417	3.8%
Total	1,051	1,057	(0.6%)

Revenue Model

For the year ended 31 December 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 31 December 2024, over 95.6% of the Group’s projects were obtained from the market, either from property owners associations or independent third party property developers, while only a few projects from Yincheng International Holding Co., Ltd. and Yincheng Real Estate Group Co., Ltd. and each of their subsidiaries (collectively, “**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 31 December		
	2024	2023	
	Number	Number	<i>Increase/ (Decrease) %</i>
Projects from independent third parties	1,005	1,012	(0.7%)
Projects from Yincheng Group	46	45	2.2%
Total	1,051	1,057	(0.6%)

Value-added Services

The Group provides value-added services to property owners and residents of its managed 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 motorcycle and the rider battery swap service.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased slightly by approximately 0.9% from approximately RMB1,973.2 million for the year ended 31 December 2023 to approximately RMB1,955.7 million for the year ended 31 December 2024 as a result of a decrease in the number of projects managed by the Group and which led to a decrease in the income from the provision of value-added services.

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

	For the year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Property management services	1,585,669	81.1	1,536,723	77.9
Value-added services	361,316	18.5	428,362	21.7
Gross rental income from investment property	8,709	0.4	8,115	0.4
Total	<u>1,955,694</u>	<u>100.0</u>	<u>1,973,200</u>	<u>100.0</u>

Revenue from the provision of property management services increased by approximately 3.2% from approximately RMB1,536.7 million for the year ended 31 December 2023 to approximately RMB1,585.7 million for the year ended 31 December 2024. Such increase was primarily due to the Group's addition of sizeable projects and reduction of projects with unsatisfactory revenue or profitability.

Revenue from the provision of value-added services decreased by approximately 15.7% from approximately RMB428.4 million for the year ended 31 December 2023 to approximately RMB361.3 million for the year ended 31 December 2024. Such decrease was primarily due to (i) decrease of the number of projects under management; (ii) the scope of city-level value added services provided by the Group has been trimmed down resulting in a decrease of revenue from the rider battery swap service.

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 1.3% from approximately RMB1,661.9 million for the year ended 31 December 2023 to approximately RMB1,683.7 million for the year ended 31 December 2024, primarily due to 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 12.6% from approximately RMB311.3 million for the year ended 31 December 2023 to approximately RMB272.0 million for the year ended 31 December 2024. The gross profit margin decreased from approximately 15.8% for the year ended 31 December 2023 to approximately 13.9% for the year ended 31 December 2024. The Group's gross profit margin has decreased due to the combined effect of a slight decrease in revenue and an increase in cost of sales.

Other Income and Gains

The Group's other income and gains mainly represents interests income, investment income, government grants, gain on disposal of a subsidiary, fair value gains on financial assets at fair value through profit or loss and others.

The Group's other income and gains decreased by approximately 22.3% from approximately RMB19.2 million for the year ended 31 December 2023 to approximately RMB14.9 million for the year ended 31 December 2024, primarily due to a gain of RMB2.6 million on disposal of a subsidiary in 2023 while there was no such gain in 2024.

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 6.3% from approximately RMB5.3 million for the year ended 31 December 2023 to approximately RMB4.9 million for the year ended 31 December 2024, primarily due to a strict control of unnecessary expenses.

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 7.7% to approximately RMB106.3 million for the year ended 31 December 2024 (2023: RMB98.7 million), which was primarily due to the professional fees incurred for addressing the allegations that the Board had received in June 2024 (as detailed in the announcement of the Company dated 11 June 2024).

Impairment Losses on Financial Assets, net

The Group's net impairment losses on financial assets increased by approximately 31.4% from approximately RMB79.9 million for the year ended 31 December 2023 to approximately RMB104.9 million for the year ended 31 December 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 41.1% from approximately RMB7.4 million for the year ended 31 December 2023 to approximately RMB4.4 million for the year ended 31 December 2024, primarily due to the repayment of bank and other borrowings of approximately RMB15.8 million and the Group ceased to borrow Bridging Loans for advances and receivables from the HQP-Controlled Companies.

Income Tax Expense

The Group's income tax refers to PRC enterprises 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 two years ended 31 December 2024 and 2023.

The Group's income tax expense decreased by approximately 77.0% to approximately RMB8.8 million for the year ended 31 December 2024 (2023: RMB38.1 million), primarily due to the decrease of profit before tax.

(Loss)/Profit for the Year

As a result of the foregoing, the Group recorded a loss for the year of RMB20.1 million as compared to a profit for the year 2023 of RMB97.0 million. Loss attributable to owners of the Company for the year ended 31 December 2024 amounted to approximately RMB26.7 million as compared to RMB90.3 million profit attributable to owners of the Company for the year ended 31 December 2023. The net loss margin was approximately 1.1% for the year ended 31 December 2024 as compared to net profit margin of approximately 22.45% in the corresponding period in 2023. The loss is primarily attributable to an increase in impairment losses on financial assets of approximately RMB25.0 million and an impairment loss on parking lots deposits of approximately RMB53.7 million.

Liquidity, Reserves and Capital Structure

The Group adopts a prudent funding and treasury policy and maintained a healthy financial position during the year ended 31 December 2024. The Group's current assets amounted to approximately RMB979.6 million as at 31 December 2024, representing a decrease of approximately 11.1% as compared to that of approximately RMB1,102.1 million as at 31 December 2023. The Group's cash and cash equivalents amounted to approximately RMB394.4 million as at 31 December 2024, representing a decrease of approximately 9.0% as compared to that of RMB433.4 million as at 31 December 2023, primarily due to net cash flows used in investing activities and financing activities.

The Group's total equity amounted to approximately RMB213.5 million as at 31 December 2024, representing a decrease of approximately 19.7% as compared to that of approximately RMB266.0 million as at 31 December 2023. Such decrease was mainly due to (i) the net loss for the year ended 31 December 2024 and (ii) the payment of the special dividends declared in February 2024.

As at 31 December 2024, the Group had net current liabilities of approximately RMB25.2 million (31 December 2023: net current assets of approximately RMB37.7 million).

The Directors, after taking into account of the considerations as set out in note 2 to the financial statements above, were of the view that the Group would have sufficient working capital to finance its operations in the next twelve months from 31 December 2024 and were satisfied that it was appropriate to prepare the consolidated financial statements on a going concern basis.

Property, Plant and Equipment

The Group's property, plant and equipment amounted to approximately RMB71.5 million as at 31 December 2024, representing a decrease of approximately 23.3% as compared to that of approximately RMB93.3 million as at 31 December 2023. This was primarily due to the decrease of office equipment, electronic and other devices purchased and leasehold improvements during the year.

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 RMB420.9 million as at 31 December 2024, representing an increase of approximately 6.6% as compared to that of approximately RMB394.7 million as at 31 December 2023. This was primarily due to the increase of the Group's non-residential properties projects, and the usual practice of non-residential properties customers paying property management fee once per quarter.

Prepayments, Deposits and Other Receivables

The Group's prepayments, deposits and other receivables amounted to approximately RMB116.7 million as at 31 December 2024, representing a decrease of approximately 5.5% as compared to that of approximately RMB123.5 million as at 31 December 2023. This was mainly due to the increase in impairment allowance from approximately RMB1.4 million as at 31 December 2023 to RMB16.0 million as at 31 December 2024.

Due from Related Companies

The Group recorded due from related companies of approximately RMB22.7 million as at 31 December 2024, representing a decrease of approximately 79.6% as compared to that of approximately RMB111.3 million as at 31 December 2023. The decrease was primarily due to the increase in impairment allowance of approximately RMB111.7 million while the gross amount of due from related parties decreased by approximately RMB23.1 million from 31 December 2023 to 31 December 2024.

Financial Assets at Fair Value through Profit or Loss

The Group's financial assets at fair value through profit or loss was RMBNil as at 31 December 2024, representing a decrease of 100% 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 year ended 31 December 2024.

Trade Payables

The Group's trade payables primarily consist of payables to suppliers and subcontractors. The Group's trade payables amounted to approximately RMB126.7 million as at 31 December 2024, representing an increase of approximately 16.6% as compared to that of approximately RMB108.6 million as at 31 December 2023. This was mainly due to a longer payment period to suppliers and subcontractors.

Other Payables, Deposits Received and Accruals

The Group's other payables, deposits received and accruals amounted to approximately RMB306.8 million as at 31 December 2024, representing a decrease of approximately 24.8% as compared to that of approximately RMB407.7 million as at 31 December 2023. This 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 31 December 2024 because the Company has ceased such arrangement in the year ended 31 December 2024.

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 are usually received in advance of the performance under the contracts which are mainly from the provision of property management services.

The Group's contract liabilities amounted to approximately RMB412.1 million as at 31 December 2024, representing an increase of approximately 5.1% as compared to that of approximately RMB392.2 million as at 31 December 2023. This was mainly due to the Group's practice of collecting part of the property management fees for residential projects for the upcoming year in advance during the previous year, and as a result of higher collecting rate has led to an increase in the amount of property management fees received in advance.

Borrowings

As at 31 December 2024, the Group had interest-bearing bank and other borrowings of RMB49.0 million, as compared to RMB64.8 million as at 31 December 2023. The Group's borrowings are all denominated in RMB.

The table below sets out the Group's total borrowings and effective interest rates as at the dates indicated:

	As at 31 December			
	2024	Effective	2023	Effective
	<i>RMB'000</i>	<i>interest rate</i>	<i>RMB'000</i>	<i>interest rate</i>
		<i>(%)</i>		<i>(%)</i>
Current:				
Bank loans – secured	29,000	4	49,000	3.85-4.35
Bank loans – unsecured	20,000	3.3	10,000	3.6
Other borrowings – secured	–	–	5,569	6.08-7.67
Non-current				
Other borrowings – secured	–	–	245	6.08
Total	<u>49,000</u>		<u>64,814</u>	

The table below sets out the repayment schedule of the Group's borrowings as at the dates indicated:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Repayable within one year	49,000	64,569
Repayable in the second year	–	245
	<u>49,000</u>	<u>64,814</u>

Financial Risks

The Group is exposed to risks arising from its financial instruments such as interest rate risk, credit risk and liquidity risk.

Interest Rate Risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings.

The Group does not use derivative financial instruments to hedge interest rate risk, and obtains all bank borrowings with a fixed rate.

Credit Risk

The Group classifies financial instruments on the basis of shared credit risk characteristics, such as instrument types and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment.

The carrying amounts of cash and cash equivalents, restricted cash, pledged deposits, trade receivables, financial assets included in prepayments, deposits and other receivables, and amounts due from related companies included in the statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets as at 31 December 2024.

As at 31 December 2024, all cash and cash equivalents were deposited in high-credit-quality financial institutions without significant credit risk.

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

Foreign Exchange Risk

As all of the Group's businesses are conducted in the PRC, revenue and profits for the year ended 31 December 2024 were denominated in RMB. As at 31 December 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.

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 and other 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 31 December 2024, the Group's gearing ratio was not applicable (2023: not applicable).

Pledge of Assets

As at 31 December 2024, the Group's bank and other borrowings amounting to RMB29 million were secured by: (i) certain of the Group's buildings with a book value of approximately RMB18.6 million; (ii) the Group's investment properties with a book value of approximately RMB10.1 million.

Save as disclosed above, the Company had no other pledged assets as at 31 December 2024.

Contingent Liabilities

The Group had no material contingent liabilities or guarantees as at 31 December 2024.

Significant Investments Held

Save as disclosed in this announcement, the Group did not hold any significant investment during the year ended 31 December 2024.

Employees and Remuneration Policies

As at 31 December 2024, the Group had a total of 10,687 employees (2023: 11,270 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.

Future Plans for Material Investments and Capital Assets

The Group will continue to focus on its existing property management services and value-added services. Save as disclosed in the Prospectus, no concrete plan for future investment is in place as at the date of this announcement.

Material Acquisition and Disposal

During the year ended 31 December 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 and an email making certain allegations (the “**Allegation B**”) against 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 IFA 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 IFA 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 IFA 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 IFA 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 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 effect 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 (and a member) 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 non-executive Director with effect from 3 November 2025.
11. Ms. Ma Wenhong was appointed as non-executive Director with effect from 3 November 2025.
12. Mr. Huang 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 (the “**Amended & Restated M&A**”).

Save as disclosed above, the Directors are not aware of any material events undertaken by the Group during the year ended 31 December 2024 and up to the date of this announcement.

OTHER INFORMATION

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES BY THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

ANNUAL GENERAL MEETING

A notice convening the forthcoming annual general meeting of the Company (the "AGM") will be published as soon as practicable in accordance with the Amended & Restated M&A and the Listing Rules. The record date and closure of books for the purpose of ascertaining the Shareholders' entitlement to attend and vote at the AGM will be announced in due course.

FINAL 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. As at 31 December 2024, the aggregate amount of HK\$23,988,000 (RMB21,557,000) had been fully distributed, while the unpaid portion of HK\$9,139,000 (RMB8,463,000) was classified as dividends payable.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

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 of the Company 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 practice 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 year ended 31 December 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 was 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 year ended 31 December 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 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 board and did not meet the requirement under Rule 13.92 of the Listing Rules. The Company 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.

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 year ended 31 December 2024 and up to the date of this announcement.

No incident of non-compliance was found by the Company for the year ended 31 December 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.

REVIEW OF PRELIMINARY ANNOUNCEMENT BY THE AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the CG Code. 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 annual results for the year ended 31 December 2024. The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group’s auditor, Ernst & Young, Certified Public Accountants of Hong Kong (“**Ernst & Young**”), to the amounts set out in the Group’s consolidated financial statements for the year ended 31 December 2024. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young in this announcement.

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

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.ruisenlife.hk). The 2024 annual 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 purpose only*