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Xinyuan Property Management Service (Cayman) Ltd.
鑫苑物業服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1895)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

1. Total revenue for the year ended 31 December 2023 increased by approximately 9.2% to approximately RMB749.6 million from approximately RMB686.5 million for the year ended 31 December 2022.

2. Gross profit for the year ended 31 December 2023 increased by approximately 5.2% to approximately RMB241.3 million from approximately RMB229.3 million for the year ended 31 December 2022. Gross profit margin for the year ended 31 December 2023 was approximately 32.2% as compared to approximately 33.4% for the year ended 31 December 2022, representing a year-on-year decrease of 1.2 percentage points.

3. Profit attributable to owners of the Company for the year ended 31 December 2023 increased to approximately RMB28.1 million from approximately RMB-334.3 million for the year ended 31 December 2022.

4. The Group's contracted GFA under property management services as of 31 December 2023 was approximately 55.3 million sq.m., representing an increase of approximately 9.1% over approximately 50.7 million sq.m. as at 31 December 2022.

5. The Board does not recommend the payment of any final dividend in respect of the year ended 31 December 2023.

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Xinyuan Property Management Service (Cayman) Ltd. (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2023, together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
REVENUE	4	**749,606**	686,498
Cost of sales		**(508,332)**	(457,178)
Gross profit		**241,274**	229,320
Other income and gains	5	**8,036**	27,828
Administrative expenses		**(100,234)**	(69,891)
Provision for impairment on financial assets and contract assets (other than related parties)	6	**(20,546)**	(39,685)
Provision for impairment on financial assets and contract assets (related parties)	6	**(11,781)**	(232,241)
Provision for impairment on prepayments	6	**(14,261)**	–
Loss related to Pledges	6	**(790)**	(200,565)
Interest on lease liabilities		**(258)**	(112)
Change in fair value of financial assets at fair value through profit or loss ("**FVTPL**")	13	**(30,891)**	(9,912)
Other expenses		**(1,379)**	(2,248)
Share of profits of:			
Associates		**74**	287
Profit/(loss) before income tax	6	**69,244**	(297,219)
Income tax expense	7	**(40,831)**	(36,912)
Total comprehensive income/(loss) for the year		**28,413**	(334,131)
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company		**28,126**	(334,265)
Non-controlling interests		**287**	134
		28,413	(334,131)
		RMB cents	*RMB cents*
Earnings/(loss) per share attributable to the equity holders of the Company			
– Basic	9	**4.96**	(58.90)
– Diluted	9	**4.96**	(58.90)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**10,105**	8,742
Goodwill		**3,090**	3,090
Right-of-use assets		**11,419**	3,893
Other intangible assets		**3,022**	3,327
Investment in a joint venture		**–**	–
Investments in associates		**476**	402
Prepayments to a related party	10	**74,812**	89,073
Deferred tax assets		**27,090**	21,954
		130,014	130,481
CURRENT ASSETS			
Inventories		**53,600**	–
Payments to related parties	10	**102,324**	117,445
Loan to a related party	10	**–**	24,465
Trade and bills receivables	11	**228,614**	198,637
Contract assets	12	**46,525**	45,551
Deposits, prepayments and other receivables	10	**245,298**	225,895
Financial assets at FVTPL	13	**10,101**	30,992
Cash and cash equivalents	14	**258,957**	258,237
		945,419	901,222
CURRENT LIABILITIES			
Trade payables	15	**106,683**	112,485
Other payables and accruals		**214,370**	212,805
Contract liabilities		**106,502**	109,359
Lease liabilities		**3,611**	1,868
Tax payable		**89,584**	72,211
		520,750	508,728
NET CURRENT ASSETS		**424,669**	392,494
TOTAL ASSETS LESS CURRENT LIABILITIES		**554,683**	522,975

	Notes	**2023** ***RMB'000***	2022 *RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**7,613**	2,115
Deferred tax liabilities		**5,344**	7,547
Total non-current liabilities		**12,957**	9,662
Net assets		**541,726**	513,313
EQUITY			
Share capital	16	**5**	5
Reserves		**538,627**	510,501
Equity attributable to owners of the Company		**538,632**	510,506
Non-controlling interests		**3,094**	2,807
Total equity		**541,726**	513,313

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated on 13 December 2018 in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The trading in shares of the Company has been suspended since 16 November 2022. The registered office of the Company is located at the offices of PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business is located at Unit B, 17/F., United Centre, 95 Queensway, Admiralty, Hong Kong.

The Company is an investment holding company. During the year, the Company's subsidiaries were involved in the following principal activities:

- Property management services
- Value-added services
- Pre-delivery and consulting services
- Property engineering services

The ultimate holding company of the Company is Xinyuan Real Estate Co., Ltd. (the "**Ultimate Holding Company**"), a company established in the Cayman Islands and its shares are listed on the New York Stock Exchange.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**"), which includes all individual IFRSs, International Accounting Standards ("**IASs**") interpretations issued and approved by the IASB, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**").

The consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments which are measured at fair values at the end of the reporting period.

The consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated, which is the same as the functional currencies of the Company and its subsidiaries. All values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Suspension of trading of shares of the Company

Since 16 November 2022, the trading of the Company's shares on the Stock Exchange was suspended. According to the announcement dated 15 November 2022, the directors of the Company discovered certain bank balances of the Group were pledged (the "**Pledges**") to secure loan facilities of Xinyuan (China) Real Estate Co., Ltd.* (鑫苑(中國)置業有限公司) ("**Xinyuan (China)**"), a subsidiary of the Ultimate Holding Company, and certain companies which are not part of the Group (the "**Incident Transaction I**"). The Incident Transactions I involved four bank time deposits ("**Time Deposits**") which were pledged as at 31 December 2021 and 2022 of approximately RMB267,330,000 and RMB135,050,000 respectively.

On 18 November 2022, the Company announced the formation of an independent investigation committee (the "**IIC**") comprising of two executive directors, namely Mr. Shen Yuan-Ching and Mr. Wang Yong, and all independent non-executive directors of the Company.

Investigation

Deloitte Consulting (Hong Kong) Limited ("**Deloitte Consulting**") was appointed on 10 January 2023 by the IIC as an independent forensic investigation advisor to conduct the investigation ("**Investigation**") and an independent internal control reviewer on the internal control review ("**Internal Control Review**") to meet its resumption requirements from the Stock Exchange.

The Investigation found that the Incident Transaction I were made without the knowledge or consent of current executive directors of the Company. Based on the written confirmation by Xinyuan (China), the Pledges were entered into by the Group with Zhengzhou Yusheng Garden Design Company Limited (a subsidiary of the Ultimate Holding Company of the Company), and it's two business partners (collectively, the "**Borrowers I**"). As the bank loans were not repaid upon their respective maturity dates during and subsequent to the year ended 31 December 2022, so that the Group's bank deposits have been enforced by the relevant banks under the unauthorised financial guarantee arrangements.

Except for the deposits relating to Incident Transaction I, twenty-eight deposits were historic in nature (having taken place in the period from late September 2019 to August 2022) and have matured before 31 December 2022. Out of these, twenty deposits were pledged ("**Additional Pledges**") and were not subject to any appropriation and enforcement by the relevant banks. In other words, total twenty-eight of the thirty-two deposits identified were safely returned to the Company and its relevant subsidiaries before 31 December 2022.

The execution of the Additional Pledges ("**Incident Transaction II**") involved certain former employees and directors of the Group and former employees of Xinyuan (China) and third parties outside the Group (collectively, the "**Involved Parties**"). The arrangements were made without the knowledge or consent of current executive directors. Up to the date of this announcement, all the Additional Pledges had matured and have not been enforced by the banks.

During the course of the preparation of the consolidated financial statements of the Company for the year ended 31 December 2022, the board of directors considered the relevant information and supporting evidence available and used their best effort to estimate the relevant financial impact of the matters identified in the Investigation. The consequential effect, as disclosed in "Financial impact of the Incident Transaction I and Incident Transaction II" following the Investigation, was reflected in the consolidated statement of financial position as at 31 December 2022 and the consolidation profit or loss and cash flow for the year then ended.

Financial impact of the Incident Transactions I and Incident Transaction II

The Time Deposits under Incident Transaction I of approximately RMB267,330,000 as at 31 December 2021 were included in the published consolidated statement of financial position as at 31 December 2021, as "Time deposits". No adjustment or additional disclosures were made to the relevant comparative figures of the year.

The enforcement of the Time Deposits under Incident Transaction I by the banks in November 2022 and subsequent to the year ended 31 December 2022 resulting in the "Loss on Pledges" of approximately RMB398,847,000 was recorded under "Loss related to Pledges" (Note 6) in the profit or loss for the year ended 31 December 2022.

Meanwhile, Xinyuan (China) has confirmed the use of banking facilities related to Incident Transaction I for its own operation and committed to compensate the Group with their assets, including but not limited to cash, at their written response to the Company on 30 November 2022. The directors of the Company, taking into consideration of this written response, recognised the "recovery from the loss on the Pledges" under "Loss related to Pledges" (Note 6) in the profit or loss and "Other receivables – receivables related to Pledges" (Note 10) accordingly.

2.2 ADOPTION OF NEW AND AMENDMENTS TO IFRSs

The principal accounting policies and methods of computation used by the Group in the preparation of the consolidated financial statements for the year ended 31 December 2023 are consistent with those adopted in the consolidated financial statements for the year ended 31 December 2022, except for the application of the new and amendments to IFRSs as explained in below.

Adoption of new and amendments to IFRSs

In the current year, the Group has adopted for the first time the following amendments to IFRSs issued by IASB, which are mandatorily effective for the Group's consolidated financial statements for the accounting period beginning on 1 January 2023:

IFRS 17 (including the October 2020 and February 2022 Amendments to IFRS 17)	Insurance Contracts and related Amendments
Amendments to IAS 1, Presentation of Financial Statements and IFRS Practice Statement 2	Making Materiality Judgements: Disclosure of Accounting Policies
Amendments to IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors – Definitions of Accounting Estimates
Amendments to IAS 12	Income Taxes – Deferred Tax related Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

Impacts on application of Amendments to IAS 1 and IFRSs Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in this Note 2 to the consolidated financial statements. In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the IFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

2.3 NEW OR AMENDMENTS TO IFRSs NOT YET EFFECTIVE

The following are new or amendments to IFRSs that have been issued, but are not yet effective and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21	Lack of Exchangeability	1 January 2025

* The amendments were original intended to be effective for annual periods beginning on or after 1 January 2020. The effective date has now been deferred. Early adoption of the amendments continues to be permitted.

The Group has already commenced an assessment of the related impact to the Group of the above new or amendments that are relevant to the Group upon initial adoption. According to the preliminary assessment made by the directors of the Company, management does not anticipate any significant impact on the Group's financial position and results of operations.

3. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the chief executives of the Company.

During the year, the Group is principally engaged in the provision of property management services, value-added services, pre-delivery and consulting services and property engineering services to customers in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the chief operating decision maker of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue was derived in the PRC during the year.

As at 31 December 2023, all of the non-current assets were located in the PRC (2022: Same).

4. REVENUE

Revenue mainly represents consideration to which the Group expects to be entitled for the property management services, value-added services, pre-delivery and consulting services and property engineering services rendered to customers. An analysis of the Group's revenue by category is as follows:

(1) Disaggregation of revenue

	2023	2022
	RMB'000	*RMB'000*
Revenue from contract with customers within the scope of IFRS 15, types of goods or services		
Property management services	**534,791**	496,450
Value-added services	**115,852**	107,545
Pre-delivery and consulting services	**24,332**	48,201
Property engineering services	**74,631**	34,302
	749,606	686,498

Revenue from contract with customers within the scope of IFRS 15 by timing of revenue recognition:

	Property management services		**Value-added services**		**Pre-delivery and consulting services**		**Property engineering services**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Point in time	**–**	–	**33,584**	27,761	**2,641**	8,987	**–**	–	**36,225**	36,748
Over time	**534,791**	496,450	**82,268**	79,784	**21,691**	39,214	**74,631**	34,302	**713.381**	649,750
	534,791	496,450	**115,852**	107,545	**24,332**	48,201	**74,631**	34,302	**749,606**	686,498

For the year ended 31 December 2023, revenue from entities controlled by the Ultimate Holding Company amounting to approximately RMB12,655,000, RMB5,374,000, RMB13,493,000 and RMB49,830,000 (2022: RMB21,377,000, RMB9,501,000, RMB29,959,000 and RMB19,926,000), representing 1.69%, 0.72%, 1.80% and 6.65% (2022: 3.11%, 1.38%, 4.36% and 2.90%) to the Group's total revenue from property management services, value-added services, pre-delivery and consulting services and property engineering services, respectively. Other than the entities controlled by the Ultimate Holding Company, the Group had a large number of customers and none of whom contributed 10% or more to the Group's revenue for the year (2022: none).

(2) Contract liabilities

The following table shows the revenue recognised in the current year relating to carried- forward contract liabilities:

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year	**363,679**	288,207

(3) Performance obligations

For property management services and pre-delivery and consulting services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date.

The majority of the property management service contracts do not have a fixed term. The terms of the contracts for pre-delivery and consulting services (except for construction services) are generally set to expire when the counterparties notify the Group that the services are no longer required.

The Group has elected the practical expedient in paragraph 121 of IFRS 15 for the value-added services and construction services contracts that regarding the performance obligation that has an original expected duration of one year or less, the Group does not make disclosure in accordance with paragraph 120 of IFRS 15, that is the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period and an explanation of when the Group expects to recognise as revenue.

5. OTHER INCOME AND GAINS

	2023	2022
	RMB'000	*RMB'000*
Interest income	**4,753**	13,363
Government grants *(Note (a))*	**484**	4,706
Foreign exchange differences, net	**1,201**	7,790
Others *(Note (b))*	**1,598**	1,969
	8,036	27,828

Notes:

(a) Government grants mainly represented the subsidies received from the local government in support of the business operation. There was no condition to be fulfilled by the Group in relation to the subsidies.

(b) According to the Announcement of "The Continuation of the combined tax and fee support policy – Additional VAT deduction for production and daily service industries" issued by State Taxation Administration on 27 September 2022, from 1 October 2019 to 31 December 2022, taxpayers in the daily service industry are allowed to deduct an additional 15% of the deductible input tax for the current period to deduct the tax payable. And on 28 January 2023, the State Taxation Administration issued an extension on this policy to 31 December 2023. During the year ended 31 December 2023, the amount of deductible input tax approximately RMB1,251,000 (31 December 2022: RMB1,823,000).

6. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Notes	**2023** **_RMB'000_**	2022 *RMB'000*
Cost of services provided		**508,332**	457,178
Employee benefit expenses *(Note (c))* (excluding directors' and chief executive's remuneration) included in:			
Wages and salaries		**148,278**	129,275
Pension scheme contributions *(Note (d))*		**20,252**	14,258
		168,530	143,533
Impairment of financial assets at amortised cost and contract assets			
– Third parties			
Provision for impairment of trade receivables	11	**23,021**	28,657
(Reversal)/provision for impairment of contract assets	12	**(454)**	8,025
(Reversal)/provision for impairment of financial assets included in prepayments and other receivables	10(e)	**(2,021)**	3,003
		20,546	39,685
– Related parties			
Provision for impairment of trade receivables	11	**14,946**	113,824
Provision for impairment of contract assets	12	**2,633**	27,098
Provision for impairment of financial assets included in payments	10(b)	**21,393**	68,937
Provision for impairment of other receivables	10(e)	**184**	2,876
(Reversal)/provision for impairment of loan to a related party	10(g)	**(27,375)**	19,506
		11,781	232,241
Provision for impairment of prepayments	10(a)	**14,261**	–
Loss related to Pledges			
– Loss on Pledges		**–**	398,847
– Recovery from loss on Pledges		**–**	(398,847)
– Provision for impairment of other receivables – receivables related to Pledges	10(f)	**790**	200,565
		790	200,565
Impairment loss on deposits, included in cost of sales	10(d)	**1,097**	1,262
Write down on inventories		**672**	–

	2023	2022
	RMB'000	*RMB'000*
Depreciation and amortisation:		
Depreciation of property, plant and equipment *(Note (e))*	**2,314**	2,362
Depreciation of right-of-use assets	**2,576**	1,495
Amortisation of intangible assets	**415**	270
	5,305	4,127
Auditor's remuneration *(Note (a))*	**3,370**	2,004
Professional fee on Investigation and Internal Control Review *(Note (f))*	**11,533**	–
Expenses relating to short-term leases	**651**	555
Foreign exchange differences, net *(Note (b))*	**(1,201)**	(7,790)
Fair value loss of financial assets at FVTPL	**30,891**	9,912
Loss on disposal of property, plant and equipment	**129**	32

Cost of sales dealt with in the consolidated financial statements represented cost of services provided by the Group.

Notes:

(a) The amount included agreed-upon procedures services provided relating to interim results for the six months ended 30 June 2023 with approximately RMB536,000 (2022: RMB282,000) and audit fees on issuing PRC statutory accounts of approximately RMB334,000 (2022: RMB 314,000).

(b) Foreign exchange gain was included in "other income and gains".

(c) Total employee benefit expenses of approximately RMB113,066,000 and RMB55,464,000 (2022: RMB102,619,000 and RMB40,914,000) are charged to cost of sales and administrative expenses, respectively for the year ended 31 December 2023.

(d) Pursuant to an announcement issued by the Ministry of Human Resources and Social Security of the PRC, in the light of COVID-19 pandemic, certain Group entities were exempted from making employer contribution to pension, unemployment, and work-related injury insurance schemes between February to December 2022.

(e) Total depreciation of property, plant and equipment of approximately RMB1,557,000 and RMB757,000 (2022: RMB1,571,000 and RMB791,000) are charged to cost of sales and administrative expenses, respectively for the year ended 31 December 2023.

(f) Professional fee on Investigation and Internal Control Review mainly consists of arbitration fees, lawyers fee and investigation fees related to the Incident Transaction I and II.

7. INCOME TAX EXPENSE

	2023	2022
	RMB'000	*RMB'000*
Current income tax – PRC:		
Corporate income tax	**41,493**	45,057
Withholding tax	**6,677**	4,335
	48,170	49,392
Deferred income tax – PRC:		
Deferred tax asset recognised	**(5,136)**	(9,921)
Deferred tax liabilities recognised	**(2,203)**	(2,559)
	(7,339)	(12,480)
Total tax charge for the year	**40,831**	36,912

(a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) British Virgin Islands ("BVI") income tax

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI.

(c) Hong Kong profits tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax during the year (2022: Same).

(d) PRC Corporate Income Tax

Under the relevant PRC income tax law, four PRC entities of the Group are subject to corporate income tax at a rate of 25% during the year on their respective taxable income (2022: Same).

Other the PRC entities mentioned above, the other PRC entities of the Group and its subsidiaries are recognised as a small profit enterprise, the portion of annual taxable income amount, which does not exceed RMB1 million, shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20%. And the portion of annual taxable income, which exceeds RMB1 million but does not exceed RMB3 million, shall be computed at a reduced rate of 50% as taxable income amount, and be subject to enterprise income tax at 20%.

(e) Withholding tax

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The above PRC withholding tax has been provided based on the net profits of the year planned to be distributed by the Company's Mainland China subsidiaries and the applicable tax rate of 10%.

8. DIVIDENDS

A special dividend in respect of the six months ended 30 June 2023 of HK$3.8 cents per ordinary share, amounting to approximately HK$21,565,000 (equivalent to RMB20,000,000 based on the exchange rate as at dividend proposal date) has been approved by the board of directors on reporting date.

No final dividend for the year ended 31 December 2022 and 2023 has been proposed by the directors of the Company.

A dividend in respect of the year ended 31 December 2021 of HK13.8 cents per ordinary share, amounting to approximately HK$78,315,000 (equivalent to RMB63,660,000 based on the exchange rate as at dividend proposal date) had has been approved by the board of directors after the reporting date and it had also been approved at the annual general meeting of the Company held in October 2022. The relevant dividend amount of RMB66,767,000 was charged to the consolidated statement of changes in equity based on the payment date exchange rate during the year ended 31 December 2022.

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

For the year ended 31 December 2023, the basic earnings per share is calculated by dividing the earnings (2022: loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares of 567,500,000 (2022: 567,500,000) in issue during the year. There were no differences between the basic and diluted loss per share as there were no potential dilutive ordinary shares outstanding during the year.

10. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES/LOAN TO A RELATED PARTY/ PAYMENTS TO RELATED PARTIES/PREPAYMENTS TO A RELATED PARTY

	2023	2022
	RMB'000	*RMB'000*
Non-current		
Prepayments		
– Related parties *(Notes (a))*	**89,073**	89,073
Less: allowance for impairment of prepayments	**(14,261)**	–
	74,812	89,073
Current		
Payments		–
– Related parties *(Notes (b))*	**206,646**	200,374
Less: allowance for impairment of payments	**(104,322)**	(82,929)
	102,324	117,445
Loan receivables *(Note (g))*	**–**	51,840
Less: allowance for impairment of loan receivables	**–**	(27,375)
	–	24,465
Prepayments		
– Related parties *(Notes (e))*	**593**	868
– Third parties *(Note (c))*	**11,751**	11,654
	12,344	12,522
Deposit *(Note (d))*	**22,758**	15,970
Less: allowance for impairment of deposit	**(4,180)**	(3,083)
	18,578	12,887
Other receivables		
– Related parties *(Note (e) and (g))*	**16,129**	5,504
– Related parties – receivables related to Pledges *(Note (f))*	**398,847**	398,847
– Third parties *(Note (e))*	**7,809**	5,591
	422,785	409,942
Less: allowance for impairment of:		
– other receivables on related party	**(4,881)**	(4,697)
– receivables related to Pledges	**(201,355)**	(200,565)
– other receivables on third party	**(2,173)**	(4,194)
	214,376	200,486
	245,298	225,895

Notes:

(a) Balance represented the payment of entire consideration in advance in accordance with the sale and purchase contract entered into with the Ultimate Holding Company in 2018, for the purchase of 342 units of Xinyuan Mingcheng, the property development project is located in Henan Province.

During the year ended 31 December 2023, the construction of the properties had completed but the relevant certificate of handed over was provided to the Group subsequent to the year so that the balance is classified as prepayment as at 31 December 2023.

The directors of the Company considered that there was approximately RMB14,261,000 impairment provision provided as at 31 December 2023 as the recoverable amount of the prepayment (i.e. fair value less costs of disposal of properties) was assessed to be lower than its carrying amount (2022: Nil).

(b) Balance of RMB195,459,000 (2022: RMB200,374,000) represented payments to certain subsidiaries of the Ultimate Holding Company for exclusive sales right of car parking spaces. In September 2020, the Group and Ultimate Holding Company entered into the Car Parking Space Exclusive Sales Cooperation Agreement (the "**Agreement**") pursuant to which, Ultimate Holding Company agreed to designate the Group as the exclusive sales partner of a total 4,066 car parking spaces and the Group agreed to pay the refundable payments in cash of approximately RMB206,783,000, representing the total car parking spaces reserve price as the deposits for being such exclusive sales partner. The Agreement became effective upon the fulfillment of conditions and the approval by shareholders other than the controlling shareholder at an extraordinary general meeting in 2020.

The payments would be refunded to the Group by instalments in accordance with the agreed sales milestones of car parking spaces.

Instalments	**Sales milestone**	**Amounts to be refunded**
First instalment	40% of total car parking spaces	40% of payments for exclusive sales right
Second instalment	70% of total car parking spaces	30% of payments for exclusive sales right
Third instalment	90% of total car parking spaces	30% of payments for exclusive sales right

On 23 December 2021, the Group and the Ultimate Holding Company entered into the supplemental agreement (the "**Supplemental Agreement**"), pursuant to which, both parties agreed to postpone the cooperation period to 31 December 2023. Such Supplemental Agreement became effective upon approval by shareholders other than the controlling shareholder at an extraordinary general meeting in 2022.

On 16 May 2022, the Group and the Ultimate Holding Company entered into the second supplemental agreement (the "**Supplemental Agreement II**"), pursuant to which, both parties agreed that, all the amount generated from the sales of designated car parking spaces will be received by the Group on behalf of subsidiaries of the Ultimate Holding Company and such amount will be directly applied as refund of the payments made until the payments are fully refunded. The Ultimate Holding Company will refund the above specified amount (after netting off the payment received on behalf by the Group so far) when the Group achieved the milestone and settle the remaining outstanding payments at the expiration of the Agreement. Such Supplemental Agreement II became effective upon approval by shareholders other than the controlling shareholder at an extraordinary general meeting in 2022.

During the year ended 31 December 2023, the Group has conducted certain sales activities under the aforementioned agreements. However, up to 31 December 2023, the Group did not achieve the first sales milestones, and the sales of designated car parking spaces amounted to approximately RMB6,582,000 (2022: RMB12,991,000) during the year and an amount of RMB4,789,000 (2022: RMB5,087,000) has been offset against the payments pursuant to the Supplemental Agreement II. During the year ended 31 December 2023, the Group generated the corresponding Pre-delivery and consulting service fee income of approximately RMB1,793,000 (2022: RMB5,087,000), which were included in Pre-delivery and consulting service fee income.

Pursuant to the Agreement, if the Ultimate Holding Company fails to duly refund the payments, interest shall be payable to the Group at the 1-year loan prime rate announced by the People's Bank of China for the same period (from the date on which the Group actually pays the relevant payments up to the date on which the deposit is actually refunded by the Ultimate Holding Company).

The directors of the Company assess the expected credit loss of the payments and approximately RMB98,655,000 was provided as at 31 December 2023 (2022: RMB82,929,000).

As at 31 December 2023, balance also includes another arrangement with a subsidiary of the Ultimate Holding Company of RMB11,227,000 (2022: Nil). On 22 July 2022, Zhengzhou Shengdao Real Estate Co., Ltd. ("**Zhengzhou Shengdao**", an indirect wholly-owned subsidiary of Ultimate Holding Company) entered into a previous agreement ("**Previous Agreement**"), pursuant to which an independent third party, which is engaging in providing property management, parking space management, and agency services etc., agreed to assist Zhengzhou Shengdao to sell a total of 862 car parking spaces for a period commencing from 22 July 2022 until the sales of all car parking spaces are completed.

On 22 September 2023, Zhengzhou Shengdao, the independent third party and the Group entered into a tripartite agreement, pursuant to which (i) Zhengzhou Shengdao and the independent third party agreed to terminate the Previous Agreement; (ii) Zhengzhou Shengdao agreed to pay the termination fee to the independent third party; and (iii) the Group agreed to cooperate with Zhengzhou Shengdao to sell the remaining 798 unsold car parking spaces ("**Designated Car Park Spaces**") and pay the termination fee of RMB9,416,272 to the independent third party on behalf of Zhengzhou Shengdao.

On 22 September 2023, the Group and Zhengzhou Shengdao entered into the an agreement, pursuant to which Zhengzhou Shengdao agreed to designate the Group as the exclusive sales partner of a total of 798 Designated Car Parking Spaces for a co-operation period commencing from 22 September 2023 up to 21 September 2028. Under the agreement, the Group will be responsible for carrying out the work, including the initial sales planning and promotion of the Designated Car Parking Spaces and the provision of required services to the buyers in the course of the sale and purchase of the Designated Car Parking Spaces, including and not limited to assisting the buyers in executing the relevant agreements and delivering the Designated Car Parking Spaces. Pursuant to the agreement, the Group shall pay Zhengzhou Shengdao a refundable earnest money of RMB11,226,518, which is the minimum total sum of the Designated Car Park Spaces, in instalments as the deposit. First and second installments of the earnest money are RMB9,416,272 and RMB1,810,246, respectively, being the termination fee under the tripartite agreement to the independent third party and the remaining amount of the earnest money to Zhengzhou Shengdao. The terminal fee RMB9,416,272 consists of the unsold 718 car parking spaces about RMB8,022,098 and 80 car parking spaces originally agreed owned by itself about RMB894,174 and the termination compensation about RMB1,000,000 deducted by the deposits RMB 500,000 the independent third party not paid.

Pursuant to which, both parties agreed that, all the amount generated from the sales of Designated Car Parking Spaces will be received by the Group on behalf of Zhengzhou Shengdao and such amount will be directly applied as refund of the payments made until the payments are fully refunded. As at 31 December 2023, no car parking spaces were sold out successfully. The directors of the Company assess the expected credit loss of the payments and approximately RMB5,667,000 was provided as at 31 December 2023.

Further details are disclosed in the announcement of the Company dated 22 September 2023 and 11 October 2023.

(c) Balance mainly represented the prepaid utility expenses and prepaid construction service fee to certain subcontractors of approximately RMB5,280,000 and RMB6,471,000 (2022: RMB5,998,000 and RMB5,656,000) respectively.

(d) Balance mainly represented deposits paid for utilities, construction projects and bidding of property management service projects of approximately RMB6,658,000, RMB847,000 and RMB11,073,000 (2022: RMB3,672,000, RMB893,000 and RMB8,322,000) respectively.

The directors of the Company assess the impairment of the deposits and approximately RMB1,097,000 (Note 6) was provided for the year ended 31 December 2023 (2022: RMB1,262,000).

(e) Balance of RMB6,461,000(2022: RMB Nil) represented the receivables reallocated from the loan receivables detailed in Note (g).

And others on related parties were non-trade in nature, unsecured, interest-free and repayable on demand.

All the current portion of deposits, prepayment and other receivables are expected to be recovered or recognised as expense within one year.

The directors of the Company assess the expected credit loss of the other receivables from related party and approximately RMB184,000 (Note 6) was made for the year ended 31 December 2023 (2022: RMB2,876,000).

The directors of the Company assess the expected credit (reversal)/loss of the other receivables from third party and a reversal of provision of approximately RMB2,021,000 (Note 6) was provided for the year ended 31 December 2023 (2022: loss of RMB3,003,000).

(f) Balance mainly represented the unauthorised pledged bank deposits (Note 2.1 – Recovering loss from the Incident Transactions I) for the bank borrowings obtained by the Borrowers and deducted by the bankers in relation to the failure of repayment by the Borrowers to the bankers. During the year ended 31 December 2022, the Ultimate Holding Company has confirmed that these balances were due from them and it will be responsible for settling the balances in cash.

The directors of the Company assess the expected credit loss of the receivables related to unauthorised Pledges of approximately RMB790,000 (Note 6) was provided for the year ended 31 December 2023 (2022: RMB200,565,000).

(g) The loan receivable is guaranteed by the Ultimate Holding Company, bearing interest at 8% per annum and repayable on 16 August 2023.

Upon the maturity date on 16 August 2023, the subsidiary of Ultimate Holding Company, namely Henan Xinyuan was unable to repay the loan. On 31 October 2023, Henan Xinyuan entered into an offsetting debt agreement with the Group, pursuant to which the 611 parking spaces of C2 and R3 of Qingdao Lingshanwan Longxi located in Qingdao, the PRC and all the rights and interests of these parking spaces owned by Qingdao HuiJu Zhihui City Industry Development Co., Ltd. ("**Qingdao HuiJu**"), a subsidiary of Henan Xinyuan, were transferred to the Group as to offset the loan receivables. At the date of transfer, the total fair value of the parking amounted to approximately RMB60,733,400. The exceeding amount of RMB8,341,000 was used to offset other balances between the Group and some subsidiaries of the Ultimate Holding Company. Such fair value was estimated by Jones Lang LaSalle Corporate Appraisal and Consulting Limited, an independent professionally qualified valuers who hold recognised relevant professional qualifications and have recent experiences in the locations and segments of the properties valued.

According to the legal opinion, the corresponding land, where the 65 parking spaces of C2 were situated, was pledged by Qingdao HuiJu for several loans. According to the offsetting debt agreement, if Henan Xinyuan cannot successfully transfer the parking spaces use right to the final customers in the future, Henan Xinyuan shall make the compensation, the compensation will be agreed by the Group and Henan Xinyuan separately. Then the management continued to recognise RMB6,461,000 of the loan as other receivables to related parties. The other 546 parking spaces of R3 had no risk of legality and enforceability based on the advice of external lawyer, and the directors planned to sale these parking spaces to individual customers in the future, then the management derecognised the loan receivables of RMB45,931,000 and balances from the subsidiaries of RMB8,341,000, representing the fair value of the parking spaces determined by the valuer, and recognise the parking spaces as inventories in Note 19.

The directors of the Company assess the expected credit loss and approximately a reversal of provision of RMB 27,375,000 (Note 6) was provided for the year ended 31 December 2023 (2022: RMB loss of 19,506,000).

11. TRADE AND BILLS RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables *(Note (a))*		
– Related parties	**265,222**	234,523
– Third parties	**161,343**	123,230
	426,565	357,753
Less: allowance for impairment of trade receivables	**(200,212)**	(162,245)
	226,353	195,508
Bills receivable *(Note (b))*	**2,261**	3,129
	228,614	198,637

Notes:

(a) For trade receivables from property management services, the Group charges property management fees on a monthly or quarterly basis and the payment is generally due upon the issuance of demand notes. No credit period is granted (2022: Nil).

Receivables from value-added services and pre-delivery services are due for payments in accordance with the terms of the relevant services agreements with property developers, which is normally within 30 to 90 days (2022: 30 to 90 days) from the issue of demand note.

The amounts due from related parties are repayable on credit terms similar to those offered to other major customers of the Group.

(b) The balance represented certain bank acceptance bills totaling RMB2,261,000 (2022: RMB3,129,000). The directors of the Company considered that expected credit loss for these bills is immaterial in view of no history of default and good repayment history of these customers.

An ageing analysis of the trade and bills receivables as at the end of the year, based on the date of recognition of revenue and net of impairment, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**124,409**	91,721
1 to 2 years	**40,032**	87,848
2 to 3 years	**57,374**	14,811
3 to 4 years	**6,799**	4,257
Total	**228,614**	198,637

The movements in provision for impairment of trade and bills receivables are as follows:

	2023		2022	
	Third parties	**Related parties**	Third parties	Related parties
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
At the beginning of year	**44,314**	**117,931**	15,657	4,107
Charge for the year *(Note 6)*	**23,021**	**14,946**	28,657	113,824
At the end of the year	**67,335**	**132,877**	44,314	117,931

12. CONTRACT ASSETS

	2023 *RMB'000*	2022 *RMB'000*
Pre-delivery and consulting services		
– Related parties	**64,156**	59,171
– Third parties	**23,166**	24,998
	87,322	84,169
Less: allowance for impairment of contract assets	**(40,797)**	(38,618)
	46,525	45,551

Contract assets primarily relates to the Group's right to consideration for work completed but not yet billed at reporting date arising from pre-delivery and consulting services. Contract assets are transferred to receivables when the rights become unconditional.

Movement during the year is as disclosed below:

	2023 *RMB'000*	2022 *RMB'000*
At 1 January	**45,551**	62,105
Increase in contract assets as a result of recognising revenue during the year	**74,631**	34,302
Decrease in contract assets as a result of right to consideration become unconditional during the year	**(73,657)**	(50,856)
At 31 December	**46,525**	45,551

The movements in provision for impairment of contract assets are as follows:

	2023		2022	
	Third parties ***RMB'000***	**Related parties** ***RMB'000***	Third parties *RMB'000*	Related parties *RMB'000*
At the beginning of year	**8,863**	**29,755**	838	2,657
Charge for the year *(Note 6)*	**(454)**	**2,633**	8,025	27,098
At the end of the year	**8,409**	**32,388**	8,863	29,755

13. FINANCIAL ASSETS AT FVTPL

	2023	2022
	RMB'000	*RMB'000*
Unlisted fund-linked note *(Note (a))*	**–**	30,992
Other unlisted investments *(Note (b))*	**10,101**	–
Total	**10,101**	30,992

Notes:

(a) During the year ended 31 December 2021, the Group purchased an unlisted fund-linked note with nominal amount of USD6,305,000 (equivalent to approximately RMB41,453,000) issued by a financial institution (the "**Issuer**"). The fund-linked note is linked to a segregated portfolio of Yue Xiu Investment Fund Series Segregated Portfolio Company, which is an unlisted third-party investment fund registered with Cayman Islands Monetary Authority. The segregated portfolio including but not limited to listed equity and debt securities, structured products and other private investment fund.

The directors of the Company consider the credit risk of the financial institution is minimal as it is a subsidiary of a state-owned corporation with its holding company listed in stock exchange of Shenzhen.

The fund-linked note is unconditionally redeemable within 1 year after the date of acquisition at the fair value at the date of redemption.

The fair value of the unlisted fund-linked note as at the end of the reporting period was estimated by the management of the Company by reference to the performance report provided by the fund manager.

In August 2023, the Group reassessed the prevailing economy environment and submitted a redemption notice to the Issuer in accordance with the relevant terms to subscription agreements. The Issuer advised that, due to the fair value of the underlying investment assets were dropped to zero, the redemption value of the fund-linked is considered as nil.

(b) In May and September of 2023, the Group invested in another other unlisted investments with total nominal amount of RMB10,000,000, which represent wealth management products issued by China Merchants Bank in the PRC, the segregated portfolio mainly includes fixed income assets including but not limited to state bonds and time deposits.

The other unlisted investments are unconditionally redeemable at any time after the date of acquisition over 7 days.

The fair value of the other unlisted investments as at the end of the reporting period was estimated by the management of the Company by reference to the performance report provided by the bank wealth manager.

During the year ended 31 December 2023, fair value loss on financial assets at FVTPL of approximately RMB30,891,000 (2022: RMB9,912,000) (Note 6) was recognised in the profit or loss as "Change in fair value of financial assets at FVTPL".

14. CASH AND BANK BALANCES

	2023	2022
	RMB'000	*RMB'000*
Pledged deposits		
– Time deposits pledged as security for bank financings to the Borrowers *(Note 2.1)*		
– Matured within 3 months	**–**	135,050
Less: Pledged deposits deducted by banks *(Note)*	**–**	(135,046)
	–	4
Cash and bank balances	**258,957**	258,233
	258,957	258,237

Note: For the reasons mentioned in Note 2.1, the former directors of the Company provided deposit pledges in aggregate of RMB172,800,000, RMB94,530,000 and RMB135,050,000 to ZZ Bank WE, HX Bank NY and ZZ Bank WL (the "**Bankers**") respectively, as security for bank financing offered to the Borrowers. The bank financing was fully utilised by the Borrowers. However, as they failed to repay the amounts due to the Bankers, the Bankers deducted the Group's pledged term deposits of (i) RMB263,801,000 during the year ended 31 December 2022 and (ii) RMB135,046,000 during the year for the defaulted bank financing.

As at 31 December 2022 the term deposits are deposits at bank with a maturity of ranging from 3 to 12 months and carried interest at prevailing deposit rates ranging from 1.54% to 2.10% per annum.

As at 31 December 2023, except for RMB135,046,000 were enforced by the banks in January and February of 2023, no other time deposits placed.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between seven days and a year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

At 31 December 2023, time deposits and cash and cash equivalents of the Group which is denominated in Renminbi amounted to approximately RM217,352,000 (2022: RMB144,119,000). The Renminbi is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for other currencies through banks authorised to conduct foreign exchange business. The remaining cash and cash equivalents denominated in Hong Kong dollars and United States dollars amounted to approximately RMB41,542,000 (2022: RMB109,193,000) and RMB63,000 (2022: RMB9,000) respectively.

15. TRADE PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables		
– Related parties	**1,040**	673
– Third parties	**105,643**	111,812
	106,683	112,485

As at 31 December 2023, the carrying amounts of trade payables approximated to their fair values (2022: Same).

The trade payables have a normal credit terms of 30 to 90 (2022: 30 to 90) days.

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

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**84,692**	48,462
1 to 2 years	**10,745**	62,245
2 to 3 years	**10,657**	885
Over 3 years	**589**	893
	106,683	112,485

16. SHARE CAPITAL

The Company was incorporated in December 2018 and its share capital is as follows:

	2023	2022
	RMB'000	*RMB'000*
Authorised:		
38,000,000,000 shares of a par value of HK$0.00001 each	**380**	380

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Fully paid share capital
		RMB'000
At 1 January 2022, 31 December 2022, 1 January 2023, 31 December 2023	567,500,000	5

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is a comprehensive property management service provider with extensive influence and robust operations. In 2023, the Group focused on driving growth through three lines of scale expansion of management services, ecological construction of scenario services and value development of scenario technology. The Group upgraded its strategic planning, remodeled its organisation, optimised its talent structure, strengthened its expansion team, developed innovative business strategies, conducted digital transformation, and achieved robust growth in its overall performance.

In terms of management services, we focused on high-quality growth of scale. We remodeled our investment and expansion team, refined incentives, improved our investment and expansion funnel model, and devoted efforts across various business types including residential properties, commercial and office properties, public infrastructure and urban services. In 2023, the Group's contracted GFA increased by 5.20 million sq.m., and GFA under management increased by 3.25 million sq.m. As at 31 December 2023, the Group offered property management services across 50 cities in the PRC to over 200,000 families, with contracted GFA of 55.3 million sq.m., representing an increase of 9.1% as compared to 50.7 million sq.m. as at 31 December 2022, and GFA under management of 34.4 million sq.m., representing an increase of 9.4% as compared to 31.4 million sq.m. 31 December 2022.

In terms of scenario services, we leveraged our own strengths and community lifestyle service scenarios to offer more in-depth and comprehensive services within the community, and gradually expanded our coverage outwards. We explored ecological partnerships to create a data-driven transition from the traditional model of people searching for goods to goods finding people. We devoted efforts to develop multiple aspects, including asset management, space management, retail services and delivery services. We accurately analysed customer needs by integrating online scenario applications with digital operations. We focused on strategic business development to satisfy demand for essential and high-frequency services that span the entire term of ownership and comprehensively cover community living scenarios. For example, we have been developing a 千萬寶貝 series of products, including R&D of direct drinking water machines and self-operated business models, leading to the launch of our 存多億 business, driving an increase of 24% in revenue from sales of purified water.

In terms of scenario technology, the Group is committed to real estate and property management digitalisation as well as smart municipal services. We built an innovative Xin Meta metaverse community platform and completed the integration of digital twins with these platforms. We continued to advance the iterative upgrade of application systems for property management scenarios, deeply integrating digitalisation with business operations for empowerment, cost reduction and efficiency enhancement. We completed the development and launch of our project for direct delivery of drinking water, 17 smart car parking space remodeling projects, 11 smart electricity metre remodeling projects and 31 charging pile projects. Revenue from charging services increased by 31% and revenue from temporary parking increased by 17% as compared to the previous year. We continued to build core technological capabilities and have been recognised as innovative small and medium-sized enterprises, national high-tech SMEs, dual-soft certification, and high-tech enterprises, and have been granted 13 software copyrights and 20 invention patents by the National Intellectual Property Administration.

Meanwhile, the Group built a Xinyuan Community Metaverse Management Platform based on an innovative model "led by party building + grid-style management + metaverse empowerment + precision services", facilitating a new development for grassroots management led by party building with grid-style management.

In 2023, the Group's brand influence continued to increase. Our honours include "Top 100 Chinese Property Service Companies in 2023" (ranked 15) and "Top Chinese Property Service Companies for High Customer Satisfaction in 2023" awarded by the China Index Academy, "Top 100 Chinese Property Service Companies in Overall Strength in 2023" and "Top 100 Chinese Property Service Companies in Brand Influence in 2023" (ranked 14) awarded by CPM Think Tank and China Property Management Institute, and "Top 100 Chinese Property Service Companies in 2023" awarded by CRIC Property Management and China Property Management Research Institute.

Property Management Services

Commitment to quality development

In 2023, the Group enhanced its expansion model and team and established a model with joint venture partnerships, market-oriented tenders, comprehensive expansion and localised deep cultivation as four wheels, based on which we achieved sustained expansion from residential types to non-residential types such as public infrastructure, commercial and office buildings and urban services. During the year, the Group had 45 comprehensive engagement projects with GFA of 5.2 million sq. m., representing a growth of 42% over the previous year.

As at 31 December 2023, we provided property management services and value-added services in 50 cities in the PRC. Contracted GFA was approximately 55.3 million sq.m. from a total of 288 contracted properties, while GFA under management amounted to approximately 34.3 million sq.m. from a total of 218 properties under management.

The following table sets out our contracted GFA and GFA under management as at the dates indicated:

	Year ended 31 December			
	2023		2022	
	Contracted GFA	**GFA under management**	Contracted GFA	GFA under management
	'000 sq.m.	***'000 sq.m.***	*'000 sq.m.*	*'000 sq.m.*
At the beginning of the year	**50,705**	**31,399**	63,036	37,410
Addition[1]				
Xinyuan Real Estate Group	**127**	**1,340**	160	504
Third parties	**5,073**	**1,908**	3,501	2,750
Cessation[2]	**563**	**302**	15,992	9,265
At the end of the year	**55,342**	**34,345**	50,705	31,399

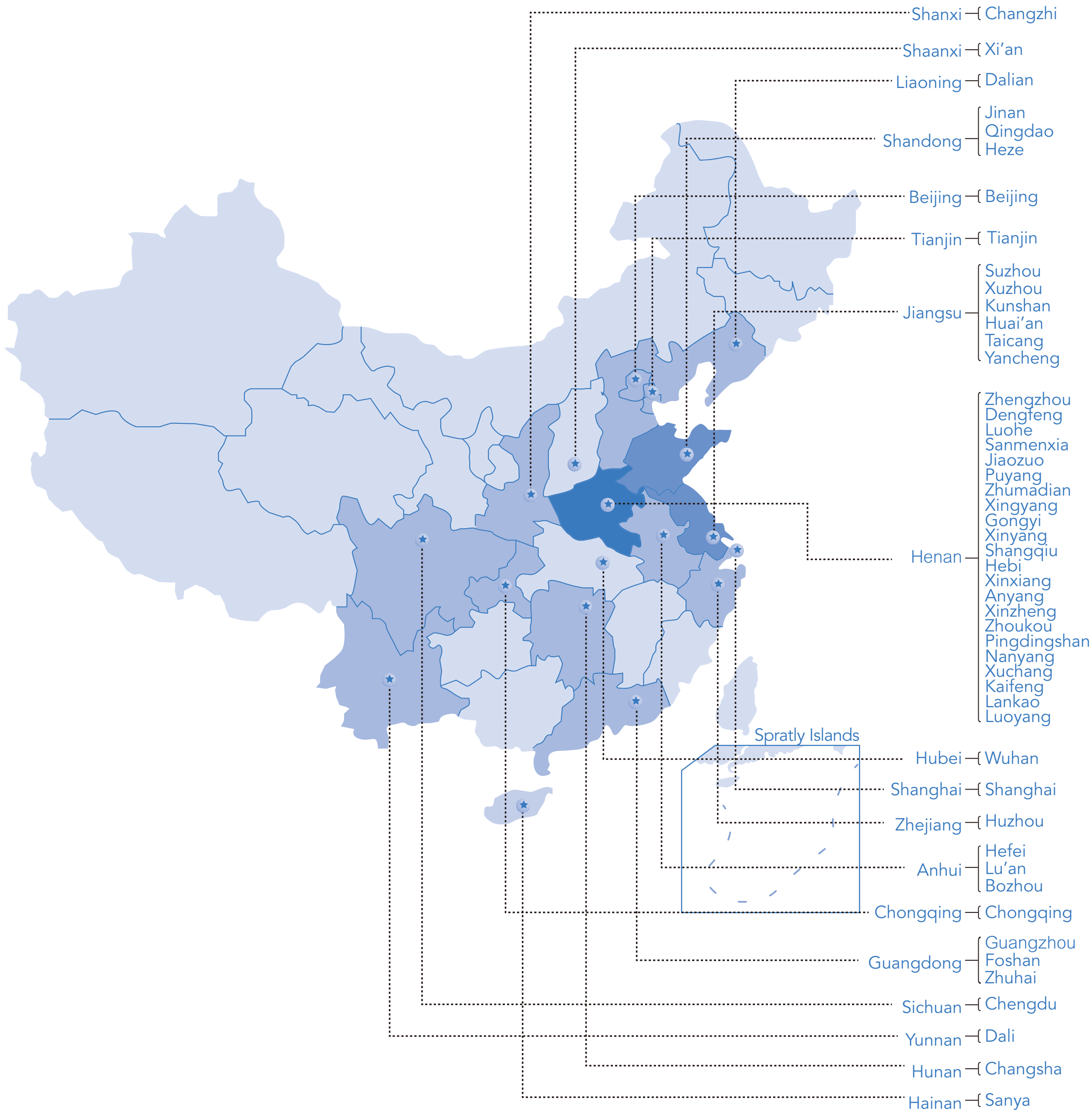
Notes:

(1) These new contracts mainly consist of advance management contracts for new properties developed by property developers, and property management service contracts with residential communities in replacing their former property management service providers, and contracts in relation to new mergers and acquisitions.

(2) Cessation includes certain property management service contracts which we opted not to renew due to our reallocation of resources to contracts with higher profitability in order to optimise our property management portfolio.

Our geographical coverage

In 2023, we continued to optimise our "1+4+N" regional strategy, focusing on deep cultivation of the Central China region, devoting efforts in the development of our presence in the YRD and BRD regions, and achieving breakthroughs in the Southwest China and Southern China regions. As of 31 December 2023, our geographical coverage has expanded from Zhengzhou to 50 cities across the PRC.



The following table sets out our GFA under management as at the dates indicated and a breakdown of revenue from property management services by geographical region for the years ended 31 December 2023 and 2022:

	Year ended 31 December					
	2023			2022		
	GFA	**Revenue**	**Percentage**	GFA	Revenue	Percentage
	0'000 sq.m.	***RMB'000***	***%***	*0'000 sq.m.*	*RMB'000*	*%*
Central China[1]	**1,903**	**282,941**	**53**	1,717	276,228	55
Yangtze River Delta[2]	**377**	**128,530**	**24**	360	116,763	24
Greater Southwest[3]	**795**	**69,015**	**13**	736	70,143	14
Bohai Economic Rim[4]	**337**	**18,074**	**3**	311	14,872	3
Greater Bay Area[5]	**23**	**36,231**	**7**	16	18,444	4
Total	**3,435**	**534,791**	**100**	3,140	496,450	100

Notes:

These regional designations may overlap with strict geographical region definitions.

(1) Includes cities located in Henan province.

(2) Includes cities located in Jiangsu, Anhui, Shandong and Zhejiang provinces and Shanghai municipality.

(3) Includes cities located in Sichuan, Yunnan and Shaanxi provinces and Chongqing municipality.

(4) Includes cities located in Shanxi, Liaoning and Hebei provinces, Beijing and Tianjin municipalities.

(5) Includes cities located in Hainan, Hunan and Guangdong provinces.

Robust growth of scale

The Group maintains a robust and high quality growth strategy. In 2023, the Group established an expansion model with market-oriented development as core body and quality services and informatisation as two wings. Based on this model, the Group achieved growth of scale through sustained expansion and evolution from managing new assets to stock assets, and from residential property types to non-residential property types, through a diverse range of cooperation models, including joint venture partnerships, market-oriented tenders, comprehensive expansion, localised deep cultivation, as well as stock asset cooperations with owner committees, governments and enterprise units based on the red property construction policy.

In terms of our expansion model, the Group conducted localised deep cultivation in four major development zones, namely Central China, Southern China, Eastern China and Northern China. Successful management of benchmark projects have contributed to a sound reputation and brand influence in the regional service industry, while enhanced cooperation with ancillary resources has yielded positive results. As at 31 December 2023, the Group's GFA under management and contracted GFA for properties developed by third parties accounted for 53% and 60% respectively.

A breakdown of our GFA under management and percentage of revenue from property management services by developer type as at 31 December 2023 is as follows:

	Year ended 31 December					
	2023			2022		
	GFA	**Revenue**	**Percentage**	GFA	Revenue	Percentage
	0'000 sq.m.	***RMB'000***	***%***	*0'000 sq.m.*	*RMB'000*	*%*
Xinyuan Real Estate Group[1]	**1,617**	**369,735**	**69**	1,483	345,517	70
Third parties[2]	**1,818**	**165,056**	**31**	1,657	150,933	30
Total	**3,435**	**534,791**	**100**	3,140	496,450	100

Notes:

(1) Xinyuan Real Estate Co., Ltd. (the ultimate holding company of the Company) and its subsidiaries are collectively referred to as Xinyuan Real Estate Group. Includes properties solely developed by Xinyuan Real Estate Group.

(2) Refers to properties developed by third parties independent of Xinyuan Real Estate Group as well as government entities, enterprise business units and property owners committees.

Diversified property management portfolio

We manage both residential and non-residential properties. Currently, our non-residential properties under management spans offices, commercial complexes, industrial parks, business parks, schools, and public buildings. While revenue from residential properties accounted for and will continue to account for a large portion of our revenue, we strive to diversify our services to cover properties of different types.

In 2023, the Group's non-residential types further expanded, as we secured the Zhengzhou Airport Zone Taigeli project, the Zhengzhou Zhengdong New District FoxConn new business headquarters, Anyang Tangyin Jiangzhe Central Square, the Nanyang Airport project, Jinmei Taihang Tourism and Vacation Zone Phase I, the Shentong Logistics Park project and the Nanyang Xinye Smart Energy Industrial Park, demonstrating the growth in our capability in managing a diverse range of property types.

A breakdown of our revenue generated from property management services of developed properties by property type for the years ended 31 December 2023 and 2022 is as follows:

	Year ended 31 December					
	2023			2022		
	GFA	**Revenue**	**Percentage**	GFA	Revenue	Percentage
	0'000 sq.m.	***RMB'000***	**%**	*0'000 sq.m.*	*RMB'000*	*%*
Residential properties	**2,421**	**423,336**	**79**	2,233	399,616	80
Non-residential properties	**1,014**	**111,455**	**21**	907	96,834	20
Total	**3,435**	**534,791**	**100**	3,140	496,450	100

Value-added services

In 2023, the Group focused on in-depth business adjustment and strategic positioning of asset management, space management, retail services and delivery services. We accurately analysed customer needs by integrating online scenario applications with digital operations, and accordingly developed various innovative business models which have achieved preliminary success.

We established Jushu Decoration for home decoration business, aiming to establish a one-stop comprehensive home service provider which is focused on lifestyle items, delivery of interior furnishing and conducting hardware renovation for new homes, renewal of old homes and remodeling homes with elderly facilities, all of which emphasises maximum satisfaction of the needs of the owners. For delivery services, we integrate our Xinyi Better Life brand, our Xiaoxin Mall online operations and data from Jushu Decoration to create a professional, standardised, and efficient domestic service industry ecosystem covering the entire industry chain. For retail services, we focus on offering lifestyle services for owners by connecting with ancillary resources. Our purified water business is a fully electronic process covering the entire industrial process from selection of quality water source, high-quality water production, rapid logistics distribution, to our community smart water stations for the last mile delivery to the doorstep, all accomplished with the click of a button. Our Xiaoxin Market offers comprehensive coverage of apparel, food, housing, transportation and daily necessities for residents, connecting them with manufacturers and producers, cutting out the middleman and passing the savings to owners, thus achieving efficiency in both services and operations.

The following table sets out the breakdown of the revenue from community value-added services for the years ended 31 December 2023 and 2022:

Value-added services	Year ended 31 December 2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Revenue from third party services[1]	**17,090**	**15**	17,167	16
Space resources management[2]	**54,544**	**47**	53,086	49
Domestic living services[3]	**44,218**	**38**	37,292	35
Total	**115,852**	**100**	107,545	100

Notes:

(1) Profit is derived from paid utilities using the cost-plus method.

(2) We collect a pre-agreed fee for public space resource management.

(3) Profit is derived from the sales of daily necessities, provision of household living services and provision of customised services (such as floor heating maintenance services and application and installation of electric vehicle charging station services) which are conducted through our Xiaoxin Best Choice mobile application.

Pre-delivery and consulting services

Leveraging on the Group's professional property management experience of 25 years, we offer tailored pre-delivery and consulting services to property developers to help enhance the competitiveness of the property development.

Pre-delivery services include providing sales assistance services, for instance (i) property sales venue management services; and (ii) property sales venue warm-up services to property developers at the pre-delivery stage of the relevant property or when the property is put onto the market for sale. Consulting services include (i) advising property developers at the early and construction stages of a property on project planning, design management and construction management to enhance its functionality, comfort and convenience; and (ii) intermediary and management services provided to property developers for unsold properties.

The following table sets out the breakdown of the revenue from pre-delivery and consulting services for the years ended 31 December 2023 and 2022:

Pre-delivery and consulting services	Year ended 31 December			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Xinyuan Real Estate Group	**14,835**	**61**	38,396	80
Third parties	**9,497**	**39**	9,805	20
Total	**24,332**	**100**	48,201	100

Property engineering services

Property engineering services include the provision of firefighting, intelligent engineering, landscaping engineering and preliminary smart neighbourhood planning engineering and construction services, as well as additional installation of elevators, remaking facade and other renewal and remaking engineering services for stock properties.

In 2023, the Group's overall revenue from engineering services increased by 118% as compared to the previous year.

Property engineering services	Year ended 31 December			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Xinyuan Real Estate Group	**55,657**	**75**	32,711	95
Third parties	**18,974**	**25**	1,591	5
Total	**74,631**	**100**	34,302	100

PROSPECTS

The Group is committed to offering a pleasant lifestyle as a metaverse-augmented service provider within the larger property management sector. In developing our businesses, we will continue to focus on the larger property management sector. Data driven operations will enable deep integration of technology and business, while the use of digital twins will allow the creation of new scenarios for digitally empowered properties. We will continue to focus on growth and upgrade through three lines of management services, scenario services and scenario technology, enhance features that we have developed, in order to achieve sustained growth in both operation efficiency and business scale.

I. Management services

Our management services are grounded in scalability. In terms of property services, we aim to extend from residential types to non-residential types and urban services, gradually expanding from property services to commercial management and asset management services, thus systematically building a comprehensive property management service system.

In terms of basic services, we will focus on the real needs of our customers to strengthen services as our foundation. We will continue to improve service experience and strengthen service and brand recognition. At the same time, we will enrich and expand our service offerings, optimise service standards across a broad spectrum of business types and sectors, strengthen and refine management and service capabilities, in order to improve operational and management efficiency. Regarding scalability and expansion capabilities, we will optimise our expansion model and strengthen our expansion team. Building on our existing comprehensive engagement expansion model, we will innovate a wide range of cooperations, expanding from new projects to stock management, from residential types to non-residential types, and from partnerships with developers to cooperations for urban redevelopment, state-owned enterprise stock management, public institution projects and industrial parks. By expanding our cooperative channels, we will be able to develop a multi-engine driven model of expansion.

II. Scenario services

For scenario services, we will progressively build a community services ecosystem. Our focus will be on empowerment based on community lifestyle services scenarios. We will develop a comprehensive strategy to offer a vertical chain of community services based on three aspects of "assets + space + people". The transformation from being driven by traditional business models to being data-driven, particularly for lifestyle services, will facilitate a transition from "customers searching for products they need" to "products being offered to customers who need them".

In terms of asset management, our focus will be on managing stock assets and destocking capabilities. We will innovate business models to consolidate internal and external resources to allow assets to maintain their premium and realise their value.

In terms of space management, we will leverage digital technology empowerment to strengthen spatial asset revitalisation, consolidation and utilisation efficiency. Further, we will continue to build on traditional space management and innovate business models, so as to raise resource utilisation efficiency.

In terms of services for people, we will focus on the demand for community services spanning the entire term of ownership to offer private customised services targeted at different customer groups. We will focus on areas such as community elderly care, household services, lifestyle services, retail, dining, and vehicle charging with a goal to establish an ecosystem of community services.

III. Scenario technology

We will expand from internal empowerment to external empowerment as we look to explore a new tech + larger property management business integration model. As we conduct empowerment of internal businesses, we will rapidly build our industry empowerment capabilities and transition from an internal solution provider to an industry solution provider.

Building on the traditional task of cost reduction and efficiency improvement, we will focus on combining specific community scenarios with technology and leveraging technology empowerment to desensitise and refine complex data for analysis to uncover new demand and scenarios. Further, technology empowerment will enable us to satisfy the diverse demands of owners and enhance both basic services and community lifestyle services.

In the process of empowering internal operations, we will also develop our own unique approach to industrial development. We will develop a comprehensive business strategy focusing on a broad spectrum of real estate products, a metaverse for the community services industry, IoT equipment, urban services and industrial services. As we consolidate our own resources and capabilities, we will also actively collaborate with leading companies in segmented fields to expand into new business markets together.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2023, the Group recorded revenue of approximately RMB749.6 million (corresponding period in 2022: approximately RMB686.5 million), representing an increase of approximately 9.2% as compared to the corresponding period last year.

The Group's revenue was derived from four major business, (i) property management services; (ii) value-added services; (iii) pre-delivery and consulting services; and (iv) property engineering services:

	Year ended 31 December			
	2023		2022	
	Revenue	**Percentage**	Revenue	Percentage
	RMB'000	***%***	*RMB'000*	*%*
Property management services	**534,791**	**71.3**	496,450	72.3
Value-added services	**115,852**	**15.5**	107,545	15.7
Pre-delivery and consulting services	**24,332**	**3.2**	48,201	7.0
Property engineering services	**74,631**	**10.0**	34,302	5.0
Total	**749,606**	**100.0**	686,498	100.0

Gross profit and gross profit margin

The following table sets forth a breakdown of gross profit and gross profit margin by business lines for the periods indicated:

	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Property management services	**156,118**	**29.2**	148,667	29.9
Value-added services	**64,002**	**55.2**	61,331	57.0
Pre-delivery and consulting services	**4,915**	**20.2**	17,569	36.4
Property engineering services	**16,239**	**21.8**	1,753	5.1
	241,274	**32.2**	229,320	33.4

The Group's gross profit for the year amounted to RMB241.3 million, representing an increase of 5.2% over RMB229.3 million in 2022. Gross profit margin decreased to 32.2% from approximately 33.4% in 2022.

Gross profit margin of property management services was 29.2%, representing a decrease of 0.7 percentage points as compared to 29.9% in 2022. The decrease in gross profit margin for property management services was mainly due to lower gross profit margin from new public infrastructure type property management services.

Gross profit margin of value-added services was 55.2%, representing a decrease of approximately 1.8 percentage points as compared to 57.0% in 2022, mainly due to the increase in promotion and staff costs for household lifestyle services.

Gross profit margin of pre-delivery and consulting services was 20.2%, representing a decrease of approximately 16.2 percentage points as compared to 36.4% in 2022. The lower gross profit margin for pre-delivery and consulting services was due to a decrease in sales assistance services for assets such as car parking spaces, which offer higher gross profit margins.

Gross profit margin for property engineering services was 21.8%, representing an increase of approximately 16.7 percentage points as compared to approximately 5.1% in 2022. The increase in gross profit margin for property engineering services was mainly due to the effective control of construction costs.

Administrative expenses

The Group's administrative expenses for the year amounted to RMB100.2 million, representing an increase of 43.3% as compared to RMB69.9 million in 2022, also representing 13.4% of revenue (2022: representing 10.2% of revenue). The increase was mainly due to the increase in listing and resumption fees.

Other income

The Group's other income for the year amounted to RMB8.0 million, representing a decrease of 71.2% as compared to RMB27.8 million in the previous year. The decrease was primarily attributable to the decrease in current interest income.

Income tax expense

The Group's income tax expense for the year amounted to RMB40.8 million, representing an increase of RMB3.9 million as compared to RMB36.9 million in the previous year. The increase in income tax for the year was mainly attributable to the decrease in deferred tax assets recognised in the current period.

Profit

The Group's net profit for the year amounted to RMB28.4 million, mainly due to decrease in provision of impairment of financial assets and contract assets in respect of related parties.

Profit attributable to the Company's shareholders for the year amounted to RMB28.1 million, representing a increase of RMB362.2 million as compared to a loss of RMB334.3 million in last year. Basic earnings per share was RMB4.96 cents.

Current assets, reserves and capital structure

The Group maintained a sound financial position during the year. As at 31 December 2023, current assets amounted to RMB945.4 million, representing an increase of 4.9% as compared to RMB901.2 million as at 31 December 2022.

As at 31 December 2023, the Group's total equity was RMB541.7 million, representing an increase of RMB28.4 million or 5.5% as compared to RMB513.3 million as at 31 December 2022, mainly due to the decrease in provision for impairment on financial and contract assets.

Property, plant and equipment

As at 31 December 2023, the Group's net property, plant and equipment amounted to RMB10.1 million, representing an increase of 16.1% as compared to RMB8.7 million as at 31 December 2022, mainly due to the addition of new office equipment and machinery to accommodate the Group's growth in scale in the current year.

Other intangible assets

As at 31 December 2023, the book value of the Group's other intangible assets was RMB3.0 million, representing a decrease of 9.1% as compared to RMB3.3 million as at 31 December 2022. The Group's intangible assets mainly comprise (i) the Xinyuan Property Integrated Management Platform System; (ii) the Xinyuan Property Call Centre System; (iii) the electronic invoice tax control server invoicing system; (iv) FineReport software; and (v) cost management system.

Trade receivables

As at 31 December 2023, trade receivables amounted to RMB228.6 million, representing an increase of 15.1% as compared to RMB198.6 million as at 31 December 2022, mainly due to the increase in the Group's GFA under management resulting in a corresponding growth of business and slow settlement of certain third parties and related parties.

Prepayments and other receivables

Our prepayments and other receivables mainly comprised (i) prepayments; (ii) payments to related parties; (iii) deposit; and (iv) other receivables. As of 31 December 2023, the Group's prepayments and other receivables was approximately RMB422.4 million, representing a decrease of approximately RMB34.5 million as compared to approximately RMB456.9 million as at 31 December 2022. The decrease was mainly due to the increase in provision for impairment.

Trade payables

As at 31 December 2023, trade payables amounted to RMB106.7 million, representing a decrease of 5.2% as compared to RMB112.5 million as at 31 December 2022. The decrease was mainly attributable to the decrease in the amount of outstanding payables for goods during the current period.

Other payables and accruals

The Group's other payables and accruals mainly comprised (i) non-trade payables to related parties; (ii) deposits and temporary receipts from property owners; and (iii) payroll payables and other taxes payable. As of 31 December 2023, the Group's other payables and accruals (other than contract liabilities) amounted to approximately RMB214.4 million, representing an increase of approximately 0.8% as compared to approximately RMB212.8 million as at 31 December 2022. The increase was mainly attributable to increase in business during the year.

Contract liabilities

The Group's contract liabilities mainly resulted from the advance payments received from customers while the underlying services are yet to be provided. As of 31 December 2023, our contract liabilities was approximately RMB106.5 million, representing a decrease of 2.7% as compared to approximately RMB109.4 million as at 31 December 2022, mainly due to the slowdown in property fee prepayment activities as a result of the Group's focus on improving the services quality for property owners at the end of the current year.

Borrowings

As of 31 December 2023, the Group had no borrowings or bank loans.

Gearing ratio

Gearing ratio is calculated by dividing total borrowings by total equity, based on the sum of long-term and short-term interest-bearing bank loans and other borrowings as at the corresponding date divided by the total equity on the same date. As at 31 December 2023, gearing ratio was nil.

Pledged assets

As at 31 December 2023, the Group had no pledged assets.

Material acquisition

The Group had no material acquisition of subsidiaries, associates or joint ventures during the year.

Material disposal

The Group had no material disposal of subsidiaries, associates or joint ventures during the year.

Significant investment

As at 31 December 2023, the Group did not hold any significant investment.

Contingent liabilities

As at 31 December 2023, the Group had no significant contingent liabilities.

Exchange rate risk

The Group's principal business is conducted in the PRC where most of the Group's revenue and expenses are denominated in RMB. Accordingly, save certain bank balances that were denominated in Hong Kong dollars, the Group was not exposed to material risk directly related to foreign exchange rate fluctuation. Currently, the Group has not entered into any forward contracts to hedge its exchange rate risk, although management will continue to monitor foreign exchange risk and take cautionary measures to minimize foreign exchange risk.

Employment and remuneration policy

As at 31 December 2023, the Group had 1,741 employees (31 December 2022: approximately 1,543 employees). The Group adopts a remuneration policy similar to its peers in the industry. The remuneration payable to our employees is determined with reference to their duties and the prevailing local market rates. Employees are paid discretionary performance bonuses upon review as reward for their contribution. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, the Group has participated in different social welfare plans for its employees. In addition, the company adopted a post-IPO share option scheme on 16 September 2019 which enables the Directors to grant share options to the Group's employees in order to retain elite personnel and to provide reward and incentive for their contribution to the Group. No share option thereof was granted during the year.

Use of Proceeds from the Listing

On 11 October 2019, the shares of the Company were successfully listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). After deducting underwriting fees and related expenses, net proceeds from the Listing was approximately RMB197.2 million (the "**Listing Net Proceeds**").

Up to 23 June 2022, the Group utilised approximately RMB79.3 million of the Listing Net Proceeds, with approximately RMB117.9 million of which remained unutilised (the "**Unutilised Listing Net Proceeds**"). Details of the use of the Listing Net Proceeds are as follows:

Use of Listing Net Proceeds	**Planned use of Listing Net Proceeds to be used**	**Actual use of Listing Net Proceeds from the Listing Date to 31 December 2021**	**Unutilised Listing Net Proceeds up to 31 December 2021**	**Actual use of Listing Net Proceeds from 1 January 2022 to 23 June 2022**	**Unutilised Listing Net Proceeds up to 23 June 2022**	**Expected timeline for the use of the Unutilized Listing Net Proceeds**
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	
To expand our property management services, seek strategic acquisition and investment opportunities	118.3	22.2	96.1	0.8	95.3	Expected to be fully utilised on or before 30 September 2023
To expand the types of services offered in our value-added services business line	29.6	22.8	6.8	2.0	4.8	Expected to be fully utilised on or before 30 September 2023
To upgrade and develop our own information technology and smart systems	29.6	6.6	23	5.2	17.8	Expected to be fully utilised on or before 30 September 2023
Funding our working capital needs and other general corporate purposes	19.7	19.7	–	–	–	
Total	197.2	71.3	125.9	8.0	117.9	

Notes:

1. Approximately RMB8.2 million and RMB14.8 million were used, respectively, for the payment for (i) the fees in relation to the development of the scale of our property management services and marketing and promotion of our property management services; and (ii) the acquisition of 100% equity interest in Chongqing Heavy Truck Group Hongqi Property Co. Ltd.* (重慶重型汽車集團鴻企物業有限公司). As disclosed in the Prospectus (as defined below), the Group intends to actively expand our property management services by strategically acquiring or investing in quality property management companies who have a regional scale of business operations. Since 2022, the Group has still selected for appropriate property management service providers with value for purchase or investment in a cautious manner, so as to bring maximum returns to the Company and shareholders.

2. Approximately RMB24.8 million was used for operating on-site software and hardware, space decoration, investment in intelligent operation equipment, investment in new business cultivation, promotion, product and business incubation and others. The Group is still on the lookout for value-added services business providers and contractors to expand the types of value-added services that can be provided by the Group, and has repeatedly carried out research on the relevant market and discussions with potential partners of our value-added services business line.

3. Approximately RMB11.8 million was used for the construction of our hardware end (i.e. servers, real time monitoring equipment and management center). The Group has completed the overall planning for digital development, and 2022 is the key year for the Group's digital upgrading. Core system construction such as internal ERP upgrade, HER construction and comprehensive business-financial integration will be completed, and the middle-end data platform and union of things platform will be fully completed, which will further enhance the Company's internal operation and management efficiency and core competitiveness.

4. Approximately RMB19.7 million was fully utilised for the payment of the wages and salaries of the Group's employees.

Use of Proceeds from the 2020 Placing

Reference is made to the Company's announcements dated 3 July 2020 and 15 July 2020 (collectively, the "**2020 Placing Announcements**"). On 3 July 2020, the Company entered into a placing agreement (the "**Placing Agreement**") with Guotai Junan Securities (Hong Kong) Limited and Valuable Capital Limited (the "**2020 Placing Agents**"), pursuant to which, the 2020 Placing Agents (each on a several but not joint nor joint and several basis) conditionally agreed to procure, as agents of the Company, not less than six (6) placees (the "**2020 Placees**") on a best effort basis for up to an aggregate of 50,000,000 ordinary shares at the placing price of HK$2.60 per placing share on the terms and subject to the conditions set out in the Placing Agreement (the "**2020 Placing**"). The maximum aggregate nominal value of the placing shares under the 2020 Placing is HK$500. The market price of the placing shares was HK$2.86 per share as quoted on the Stock Exchange on 3 July 2020, being the date of the Placing Agreement. The net price of the placing shares was approximately HK$2.54 per share.

The Directors considered that the 2020 Placing will strengthen the Group's financial position, broaden the Company's shareholder base and is in the interests of the Company and the Shareholders as a whole.

Completion of the 2020 Placing took place on 15 July 2020, a total of 50,000,000 placing shares were placed by the 2020 Placing Agents to the 2020 Placees at the placing price of HK$2.60 per placing share.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the 2020 Placees and their respective ultimate beneficial owner(s), as applicable, are parties independent of the Company and not acting in concert with the connected persons of the Company and are not parties acting in concert with each of the other 2020 Placees procured by the 2020 Placing Agents under the Placing Agreement.

The net proceeds from the 2020 Placing amounted to RMB115.0 million (the "**2020 Placing Net Proceeds**"). Up to 23 June 2022, approximately RMB11.5 million of the 2020 Placing Net Proceeds had been utilised by the Group. Details of the use of the 2020 Placing Net Proceeds were as follows:

Use of 2020 Placing Net Proceeds	**Planned amount of 2020 Placing Net Proceeds to be used** *RMB million*	**Actual use of 2020 Placing Net Proceeds from the Listing Date up to 31 December 2021** *RMB million*	**Unutilised amount of 2020 Placing Net Proceeds up to 31 December 2021** *RMB million*	**Actual use of 2020 Placing Net Proceeds from 1 January 2022 to 23 June 2022** *RMB million*	**Unutilised amount of 2020 Placing Net Proceeds up to 23 June 2022** *RMB million*	**Expected timeline for the use of the Unutilised 2020 Placing Net Proceeds**
Business development, which mainly relates to (a) diversifying the types of services offered to the customers and (b) upgrading and developing the Group's smart systems	69.0	–	69.0	–	69.0	Expected to be fully utilised on or before 30 June 2024
Strategic investment in businesses or targets that are related to the Group's principal businesses	34.5	–	34.5	–	34.5	Expected to be fully utilised on or before 30 June 2024
General working capital	11.5	11.5	–	–	–	
Total	115.0	11.5	103.5	–	103.5	

Use of Proceeds from the Subscription

Reference is made to the Company's announcements dated 25 January 2021 and 8 February 2021 (collectively, the "**2021 Placing and Subscription Announcements**"). On 25 January 2021, the Company entered into the placing and subscription agreement (the "**2021 Placing and Subscription Agreement**") with Xinyuan Real Estate, Ltd. (the "**Vendor**") and Guotai Junan Securities (Hong Kong) Limited (the "**2021 Placing Agent**"), pursuant to which (i) the Vendor agreed to appoint the 2021 Placing Agent, and the 2021 Placing Agent agreed to act as an agent of the Vendor to procure not less than six (6) placees, on a best effort basis, to purchase up to 18,000,000 ordinary shares in the Company (the "**Placing Shares**") at the price of HK$2.10 per Placing Share (the "**2021 Placing**"); and (ii) the Vendor agreed to subscribe for, and the Company agreed to allot and issue to the Vendor, up to 18,000,000 new ordinary shares in the Company (the "**Subscription Shares**") at the price of HK$2.06 per Subscription Share (the "**Subscription**"). The maximum aggregate nominal value of the Subscription Shares was HK$180. The market price of the shares of the Company was HK$2.28 per share as quoted on the Stock Exchange on 25 January 2021, being the date of the 2021 Placing and Subscription Agreement.

The 2021 Placing and the Subscription were conducted by the Company as the Directors were of the view that (i) they shall provide a good opportunity to raise additional funds to enable the Group to actively pursue acquisition or investment opportunities and enhance its development in the property management services industry in the PRC; and (ii) they shall also strengthen the financial position and to broaden the shareholder base and capital base of the Group.

Completion of the 2021 Placing took place on 27 January 2021 and completion of the Subscription took place on 8 February 2021. A total of 18,000,000 Placing Shares have been successfully placed by the 2021 Placing Agent to the 2021 Placees. A total of 18,000,000 Subscription Shares had been allotted and issued to the Vendor pursuant to the general mandate granted to the Directors at the Company's annual general meeting held on 29 May 2020.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the placees of the 2021 Placing were individual, professional or institutional investors that were independent of and not connected with the Company and its connected persons, not a party acting in concert with the Vendor. None of such placees had become a substantial shareholder of the Company immediately after completion of the 2021 Placing.

The net proceeds from the Subscription are approximately HK$31.2 million (the "**Subscription Net Proceeds**"). The net price per 2021 Subscription Shares amounted to approximately HK$2.06. Up to 23 June 2022, (i) approximately RMB7.8 million of the Subscription Net Proceeds had been utilised in the manner in line with that were set out in the 2021 Placing and Subscription Announcements; and (ii) approximately RMB23.4 million of the Subscription Net Proceeds remained unutilised (the "**Unutilised Subscription Net Proceeds**"). Details of the use of the Subscription Net Proceeds were as follows:

Use of Subscription Net Proceeds	**Planned amount of Subscription Net Proceeds to be used**	**Actual use of Subscription Net Proceeds up to 31 December 2021**	**Unutilised amount of Subscription Net Proceeds up to 31 December 2021**	**Actual use of Subscription Net Proceeds From 1 January 2022 to 23 June 2022**	**Unutilised amount of Subscription Net Proceeds up to 23 June 2022**
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Approximately 75% strategic investment in businesses or targets that are related to property management services	23.4	–	23.4	–	23.4
Approximately 25% for general working capital of the Group	7.8	7.8	–	–	–
Total	31.2	7.8	23.4	–	23.4

Change of Use of Proceeds

Reference is made to the announcement of the Company dated 23 June 2022. On 23 June 2022, the Board resolved to revise the use of the Unutilised Listing Net Proceeds, the Unutilised 2020 Placing Net Proceeds and the Unutilised Subscription Net Proceeds, which in aggregate amounted to approximately RMB244.8 million (the "**Total Unutilised Proceeds**"), in a combined manner as set out in the Company's announcement dated 23 June 2022 (the "**Revised Use of Total Unutilised Proceeds**"). Up to 31 December 2023, the Group utilised approximately RMB75.3 million of the Total Unutilised Proceeds pursuant to the Revised Use of Total Unutilised Proceeds. Details of the use of Total Unutilised Proceeds pursuant to the Revised Use of Total Unutilised Proceeds up to 31 December 2023 were as follows:

Revised Use of Total Unutilised Proceeds	Allocated Percentage of Total Unutilised Proceeds	Allocated Total Unutilised Proceeds as at 23 June 2022	Allocated Total Unutilised Proceeds as at 31 December 2022	Actual use of Total Unutilised Proceeds from 1 January 2023 to 31 December 2023	Unused amount of Total Unutilised Proceeds up to 31 December 2023	Expected timeline for the Use of Total Unutilised Proceeds
	%	*RMB million*	*RMB million*	*RMB million*	*RMB million*	
To pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of the Group's property management, value-added services and property engineering businesses, which include acquiring or investing in companies engaged in businesses related to property management, value-added services or property engineering, or forming joint ventures with such companies, and investing in related industrial funds with business collaborative partners	30	73.4	73.4	–	73.4	30 September 2024
To further develop the Group's value-added services, which include the development of value-added products and services related to service scenarios such as communities, commercial offices and urban management, as well as assets, the upgrading of software and hardware and the development of smart community and commercial facilities operation services, and the development of value-added services related to commercial operations such as office buildings and industrial parks	20	49.0	46.5	5.0	41.5	30 September 2024

Revised Use of Total Unutilised Proceeds	Allocated Percentage of Total Unutilised Proceeds	Allocated Total Unutilised Proceeds as at 23 June 2022	Allocated Total Unutilised Proceeds as at 31 December 2022	Actual use of Total Unutilised Proceeds from 1 January 2023 to 31 December 2023	Unused amount of Total Unutilised Proceeds up to 31 December 2023	Expected timeline for the Use of Total Unutilised Proceeds
	%	*RMB million*	*RMB million*	*RMB million*	*RMB million*	
To upgrade the Group's systems of digitisation and smart management, which include the purchase, upgrade and research and development of software, hardware and related services for building smart terminals and Internet of Things platforms, the construction and development of information sharing platforms and databases, the recruitment and development of professional and technical staff and information management teams, the investment in companies engaged in businesses related to technological industries, and the commencement of research and development for innovative applications related to the Group's business	30	73.4	70.2	15.6	54.6	30 September 2024
Working capital and general corporate purpose	20	49.0	–	–	–	
Total	100.0	244.8	190.1	20.6	169.5	

As at 31 December 2023, the unused portion of the Total Unutilised Proceeds are placed at a licensed bank in the PRC. The Directors are not aware of, and do not anticipate any material delay or change in the use of proceeds from the Revised Use of Total Unutilised Proceeds, and will continue to assess the plans in relation to the planned allocation of the unused portion of the Total Unutilised Proceeds. The Directors may modify or amend the relevant plans as necessary in order to address the changing market conditions, and strive for the Group to achieve better business performance.

EVENTS AFTER THE REPORTING PERIOD

Offset agreement about the Car Parking Space Exclusive Sales Cooperation Agreement

Reference is made to the Company's announcement dated 22 March 2024.

Pursuant to the car parking space exclusive sales cooperation agreement entered into by the Ultimate Holding Company and the Company on 17 September 2020, the Group paid certain subsidiaries of the Ultimate Holding Company a refundable earnest payment of RMB206,783,200 as the deposit for being the exclusive sales partner in respect of the certain car parking spaces and holding the exclusive sales right in respect of such car parking spaces.

On 22 March 2024, the outstanding amount of the refundable payment by Ultimate Holding Company to the Company is was RMB197,552,187. For the purpose of settling the outstanding amount of refundable payment, on that date, the Company and the Ultimate Holding Company entered into an agreement (the "**Offset Agreement**") pursuant to which the parties agreed that all the cash sales proceeds of 2,181 car parking spaces (the "**Car Parking Spaces**") owned by the Ultimate Holding Company and its subsidiaries ("**Xinyuan Real Estate Group**") and currently managed by the Group or held by the Group for sale on behalf of Xinyuan Real Estate Group, if sold, will be retained by the Group and applied to settle an equivalent amount of the outstanding refundable payment. For the avoidance of doubt, the Group will not acquire ownership of the Car Parking Spaces under the Offset Agreement. If the sales proceeds are insufficient to settle the entire amount of the outstanding refundable payment, the shortfall will be payable by the Ultimate Holding Company to the Company in cash within ten working days after completion of sales of all Car Parking Spaces. If the sales proceeds exceed the amount of the outstanding refundable payment, the amount in excess will be retained by the Company.

The Car Parking Spaces are owned by Xinyuan Real Estate Group and comprise (i) 355 car parking spaces within the property management area of the Group at the Xinyuan Duhui Plaza Project in Erqi District, Zhengzhou City, the PRC; and (ii) 1,826 car parking spaces currently being sold by the Group on behalf of Xinyuan Real Estate Group, which are located at the residential properties developed by Xinyuan Real Estate Group in several cities in the PRC within the property management area of the Group.

The market value of the Car Parking Spaces as at 31 December 2023 was appraised to be RMB197,600,000, pursuant to the valuation report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified valuer by making reference to comparable sales transactions in the market.

Acquisition of operating rights of six clubhouses

Reference is made to the Company's announcement dated 3 January 2024.

In satisfaction of the outstanding amount under a final and legally binding arbitral award issued by the Hong Kong International Arbitration Centre, on 3 January 2024, Xinyuan Science and Technology Service Group Co., Ltd. ("**Xinyuan Science and Technology**"), an indirect wholly-owned subsidiary of the Company) as transferee and Henan Xinyuan Real Estate Co., Ltd. ("**Henan Xinyuan**", an indirect wholly-owned subsidiary of the Ultimate Holding Company) as transferor entered into an agreement, pursuant to which Henan Xinyuan agreed to transfer the operating rights (representing the exclusive rights to operate and receive income derived from six clubhouses of six residential projects in Zhengzhou City, Henan Province, the PRC, developed and owned by Henan Xinyuan) to Xinyuan Science and Technology for a term of 30 years commencing on 3 January 2024 and expiring on 2 January 2054. The transfer took place on 3 January 2024.

Based on the valuation conducted by an independent valuer, 河南興源資產評估事務所有限責任公司 (Henan Xingyuan Asset Appraisal Firm Co., Ltd.*) as at 30 November 2023 using the income approach, the value of the operating rights was determined to be RMB43,881,100.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2023 (2022: nil).

CLOSURE OF REGISTER OF MEMBERS

The AGM is expected to be held on Friday, 24 May 2024. For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Tuesday, 21 May 2024 to Friday, 24 May 2024, both days inclusive, during which the period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 20 May 2024.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continuing growth of the Group and for safeguarding and maximising shareholders' interests.

The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. Throughout the year ended 31 December 2023, the Company has complied with the code provisions set out in Part 2 of the CG Code save for the following:

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Despite deviating from such code provision of the CG Code, the Board believes that Mr. Shen Yuan-Ching is familiar with the Company's business operation and vesting the roles of both the chairman of the Board and chief executive officer of the Company in the same person can facilitate the execution of the Group's business strategies, boost effectiveness of its operation and improve the efficiency of overall strategic planning for the Company. Under the Board's supervision, it ensures that the Board remains appropriately structured with the balance of power to provide sufficient checks for protecting the interests of the Company and its shareholders.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") set out in Appendix C3 to the Listing Rules.

Specific enquiries have been made to all Directors and all Directors have confirmed that they have complied with the Model Code for the year ended 31 December 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the year ended 31 December 2023.

AUDIT COMMITTEE

The audit committee of the Company has communicated with the management and external auditor of the Company and reviewed the accounting principles and policies adopted by the Group and the Company's audited consolidated financial statements for the year ended 31 December 2023.

SCOPE OF WORK OF MOORE CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2023, consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023 and the related notes thereto as set out in this annual results announcement have been agreed by the Group's auditor, Moore CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore CPA Limited 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 Moore CPA Limited on this annual results announcement.

The below sections set out an extract of the report by Moore CPA Limited, the auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 December 2023:

QUALIFIED OPINION

In our opinion, except for the possible effects on the corresponding figures of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the Group's consolidated financial position as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**"), and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

As stated in our Independent Auditor's Report on the consolidated financial statements of the Company for the year ended 31 December 2022, dated 13 March 2024, regarding the matters described in Note 2.1 to the consolidated financial statements for the year ended 31 December 2022, we were unable to obtain sufficient appropriate audit evidence regarding the unauthorised pledged bank deposits which resulted in undisclosed pledged bank deposits and unrecorded financial guarantees issued by the Group.

Because of the above limitations, we were unable to obtain sufficient appropriate audit evidence regarding the loss allowance for financial guarantee contracts and bank balances as at 31 December 2021 and relevant notes to consolidated financial statements of the Group for the year then ended. Any adjustments that might have been found necessary to the Group's consolidated statement of financial position as at 31 December 2021 and 1 January 2022 would have a consequential effect on the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2022 and the related disclosures.

Our opinion on the consolidated financial statements for the year ended 31 December 2023 is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors at the date of this announcement, there was a sufficient prescribed public float of the issued shares of the Company under the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company or the Companies Laws, which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company at www.xypm.hk and the Stock Exchange at www.hkexnews.hk. The 2023 annual report containing all the information required by the Listing Rules will be dispatched to the Shareholders (if applicable) and published on the above websites in due course.

By order of the Board
Xinyuan Property Management Service (Cayman) Ltd.
SHEN Yuan-Ching
Chairman, Executive Director and Chief Executive Officer

Hong Kong, 28 March 2024

As at the date of this announcement, the Board comprises Mr. SHEN Yuan-Ching, Mr. FENG Bo and Mr. WANG Yong as executive directors; Mr. TIAN Wenzhi as non-executive director; and Mr. LI Yifan, Mr. LAN Ye, and Mr. LING Chenkai as independent non-executive directors.

* *For identification purposes only*