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众安集团
ZHONG AN GROUP

众安智慧生活服务有限公司
Zhong An Intelligent Living Service Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2271)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2023	2022	Change
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Revenue	**165,760**	152,409	+8.8%
Gross profit	**55,970**	56,997	-1.8%
Profit for the period	**15,414**	20,809	-25.9%
Profit attributable to owners of the parent	**15,387**	20,804	-26.0%
Earnings per share attributable to ordinary equity holders of the parent – Basic and diluted	**RMB2.97 cents**	RMB4.02 cents	

	As at 30 June 2023	As at 31 December 2022	Change
	RMB'000	*RMB'000*	
	(Unaudited)	(Audited)	
Total assets	**211,500**	198,032	+6.8%
Net assets	**108,680**	93,266	+16.5%
Net assets value per share	**RMB0.21**	RMB0.18	+16.7%

The board (the "**Board**") of directors (the "**Directors**") of Zhong An Intelligent Living Service Limited (the "**Company**") is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2023 (the "**Reporting Period**"), together with the comparative figures for the corresponding period ended 30 June 2022 (the "**2022 Interim Period**") as below:

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

For the six months ended 30 June 2023

	Notes	**2023** ***RMB'000*** **(Unaudited)**	2022 *RMB'000* (Unaudited)
REVENUE	*4*	**165,760**	152,409
Cost of sales		**(109,790)**	(95,412)
GROSS PROFIT		**55,970**	56,997
Other income	*4*	**689**	1,274
Administrative expenses		**(32,959)**	(27,397)
Impairment losses on financial assets, net		**(2,274)**	(2,360)
PROFIT BEFORE TAX	*5*	**21,426**	28,514
Income tax expense	*6*	**(6,012)**	(7,705)
PROFIT FOR THE PERIOD		**15,414**	20,809
Profit attributable to:			
Owners of the parent		**15,387**	20,804
Non-controlling interests		**27**	5
		15,414	20,809

	Note	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*8*	**RMB2.97 cents**	RMB4.02 cents
TOTAL COMPREHENSIVE INCOME, NET OF TAX, FOR THE PERIOD		**15,414**	20,809
Total comprehensive income attributable to:			
Owners of the parent		**15,387**	20,804
Non-controlling interests		**27**	5
		15,414	20,809

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	**30 June 2023** *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property and equipment		**4,317**	4,611
Intangible assets		**51**	66
Deferred tax assets		**2,803**	2,235
Total non-current assets		**7,171**	6,912
CURRENT ASSETS			
Inventories		**60**	69
Trade receivables	*9*	**105,294**	89,397
Due from related companies		**7,873**	10,169
Prepayments, other receivables and other assets		**49,496**	46,761
Cash and cash equivalents		**41,606**	44,724
Total current assets		**204,329**	191,120
CURRENT LIABILITIES			
Trade payables	*10*	**922**	1,601
Other payables, deposits received and accruals		**39,056**	42,512
Contract liabilities		**44,289**	40,118
Tax payable		**18,553**	20,535
Total current liabilities		**102,820**	104,766
NET CURRENT ASSETS		**101,509**	86,354
TOTAL ASSETS LESS CURRENT LIABILITIES		**108,680**	93,266
NET ASSETS		**108,680**	93,266
EQUITY			
Equity attributable to owners of the parent			
Share capital		**–**	–
Reserves		**106,884**	91,497
		106,884	91,497
Non-controlling interests		**1,796**	1,769
TOTAL EQUITY		**108,680**	93,266

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Corporate information

The Company is an exempted company incorporated in the Cayman Islands on 16 November 2020. The registered office address of the Company is Offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1025 Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "**Group**") were members of Zhong An Group Limited ("**Zhong An**") and its subsidiaries ("**Zhong An Group**"). Zhong An, the shares of which have been listed on the Main Board of the Stock Exchange of Hong Kong Limited ("**Stock Exchange**") since November 2007, is the holding company of Zhong An Group.

The Group is principally engaged in the provision of property management services, value-added services mainly to property developers and community value-added services in the People's Republic of China (the "**PRC**")

2. Basis of preparation and accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. These interim condensed consolidated financial information are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

2.2 *Changes in accounting policies*

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

IFRS 17	*Insurance Contract*
Amendments to IFRS 17	*Insurance Contract*
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. 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. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

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 executive directors of the Company. The Group is principally engaged in the provision of property management services, value-added services mainly to property developers and community value-added services to customers. Management reviews the operating results of the Group's business as one operating segment for the purpose of making decisions about resource allocation and performance assessment. Therefore, the chief operating decision maker of the Company regards that there is only one segment which is used to make strategic decisions.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

For the six months ended 30 June 2023, revenue from Zhong An and its subsidiaries other than the Group (collectively "the Remaining Zhong An Group") contributed 25.16% (for the six months ended 30 June 2022: 33.33%) to the Group's revenue. Other than the revenue from the Remaining Zhong An Group, no revenue derived from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the six months ended 30 June 2023 and 2022.

4. Revenue and other income

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Property management services	**123,614**	105,336
Value-added services mainly to property developers	**31,731**	29,614
Community value-added services	**10,415**	17,459
	165,760	152,409

Revenue from contracts with customers

(a) Disaggregated revenue information

Types of services	**Property management services**	**Value-added services mainly to property developers**	**Community value-added services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Six months ended 30 June 2023				
Geographical market				
Mainland China	**123,614**	**31,731**	**10,415**	**165,760**
Timing of revenue recognition				
Revenue recognised overtime	**123,614**	**31,731**	**6,530**	**161,875**
Revenue recognised at a point in time	**–**	**–**	**3,885**	**3,885**
	123,614	**31,731**	**10,415**	**165,760**

Types of services	Property management services	Value-added services mainly to property developers	Community value-added services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Six months ended 30 June 2022				
Geographical market				
Mainland China	105,336	29,614	17,459	152,409
Timing of revenue recognition				
Revenue recognised over time	105,336	29,614	5,893	140,843
Revenue recognised at a point in time	–	–	11,566	11,566
	105,336	29,614	17,459	152,409

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Interest income	**102**	78
Government grants*	**352**	490
Others	**235**	706
Total	**689**	1,274

* The government grants are related to expense and recognised in profit or loss upon receipt of these grants. There are no unfulfilled conditions or contingencies relating to these grants.

5. Profit before tax

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of services provided*	**109,790**	95,412
Impairment of trade receivables	**2,274**	2,360
Depreciation of items of property and equipment	**471**	497
Amortisation of intangible assets	**15**	15
Listing expense	**2,282**	4,757
Auditor's remuneration	**14**	90
Staff cost (excluding directors' and chief executive's remuneration):		
Wages and salaries	**90,810**	75,473
Pension scheme contributions and social welfare**	**13,401**	11,564

* Amounts of RMB81,330,000 of staff costs were included in "Cost of services provided" in profit or loss during the six months ended 30 June 2023 (for the six months ended 30 June 2022: RMB71,682,000).

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. Income tax

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and BVI, the Company and the Group's subsidiary incorporated in BVI are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits arising in Hong Kong during the reporting periods.

PRC corporate income tax has been provided at the rate of 25% on the taxable profits of the Group's PRC subsidiaries for the reporting periods.

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
PRC corporate income tax	**6,580**	8,295
Deferred tax	**(568)**	(590)
Total tax charge for the period	**6,012**	7,705

7. Dividend

No dividends have been paid or declared by the Company for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

8. Earnings per share attributable to ordinary equity holders of the parent

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent of RMB15,387,000 (six months ended 30 June 2022: RMB20,804,000), and the weighted average number of ordinary shares of 517,414,000 (six months ended 30 June 2022: 517,414,000), for the purpose of computing basic earnings per share. The number of ordinary shares has been adjusted retrospectively for the effect of the issues relating to the capitalisation issue in July 2023 and the partial exercise of the over-allotment option in August 2023, with 517,414,000 shares in aggregate, and as if the capitalisation issues and the partial exercise of the over-allotment option had been completed on 1 January 2022.

The calculations of basic earnings per share are based on:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	**15,387**	20,804

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the period	**517,414,000**	517,414,000

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2023 (six months ended 30 June 2022: Nil).

9. Trade receivables

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

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 6 months	**65,688**	58,332
Over 6 months and within 1 year	**26,256**	23,317
Over 1 year and within 2 years	**10,024**	6,603
Over 2 years and within 3 years	**3,326**	1,145
	105,294	89,397

10. Trade payables

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

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**851**	1,568
3 to 12 months	**71**	33
	922	1,601

11. Contingent liabilities

As of 30 June 2023 and 31 December 2022, the Group did not have any material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE COMPANY

Since the listing of the Zhong An Group in November 2007 on the Stock Exchange, the Company is the second subsidiary of the Zhong An Group to be successfully listed on the Stock Exchange through the spin-off. The first subsidiary of the Zhong An Group to be successfully listed on the Stock Exchange by way of spin-off was China New City Commercial Development Limited ("**CNC**", together with Zhong An Group, the "**Remaining Group**"). The Company has been listed on the Main Board of the Stock Exchange since 18 July 2023 (the "**Listing Date**").

The Group is a reputable integrated property management service provider headquartered in Hangzhou with deep roots in Zhejiang province and the Yangtze River Delta Region. Through over 24 years of operations since our establishment in 1998, the Group has grown from a local property management service provider in Hangzhou to an integrated regional property management service provider with major presence in Zhejiang province.

According to China Index Academy ("**CIA**"), the Group's market share in the PRC in terms of GFA under management as of December 31, 2022 was approximately 0.04%, the Group has been included in the list of the Top 100 Property Management Companies in China（中國物業服務百強企業）since 2016 and our ranking among the Top 100 Property Management Companies in China in terms of overall strength of property management increased from 82nd in 2016 to 40nd in 2023, reflecting the Group's growing property management capabilities. In addition, as of 31 December 2022, the Group was ranked seventh, ninth and 25th, among the 2023 Top 100 Property Management Companies in China headquartered in Hangzhou, Zhejiang province and the Yangtze River Delta Region, respectively, in terms of the GFA under management.

As of 30 June 2023, the Group had a total of 139 contracted projects with a contracted area of approximately 20.20 million sq.m., covering 19 cities and seven provinces in China. As of 30 June 2023, the Group had 103 projects under management, with area under management of approximately 14.38 million sq.m., covering 12 cities and three provinces in China.

Benefitting from the Long-term Support of the Remaining Group whilst Expanding Our Business to Independent Third-Party Customers

Zhong An is one of the leading real estate developers in the Yangtze River Delta Region, whilst the Remaining Group is a major commercial property developer in the Yangtze River Delta Region and their development projects include residential properties, commercial complexes, hotels and other properties. According to CIA, in terms of overall strength, Zhong An ranked 64th among the 2023 Top 100 Real Estate Companies in China (2022中國房地產百強企業). As of 30 June 2023, to the best knowledge of the Group after consulting the Remaining Group, it had about 46 property projects under development or held for development in the PRC, with a total GFA of approximately 8.1 million sq.m. Among the projects mentioned above, we have obtained service agreements in respect of 32 property projects with a total GFA of approximately 5.2 million sq.m. as of 30 June 2023.

Diversified Service Offerings and Revenue Streams Balanced our Business Development and Significantly Improved our Profit Level

Over the course of the Group's development, in addition to the efforts in managing residential property projects, we also focused on non-residential property projects comprising primarily commercial and office buildings, serviced apartments, public and other properties (such as office buildings of PRC governmental bodies, industrial parks, hospitals, schools and museum). The management of the Group believes that the development of our non-residential property projects portfolio would enable the Group to develop more personalized and professional service offerings and enhance its service standards, which would in turn allow the Group to provide our customers with better quality services and elevate the Group's brand reputation and image.

The Group recently complemented our traditional property management services with the application of intelligent technologies and facilities such as intelligent robots with artificial intelligent technologies and plan to launch a one-stop service mobile App by the end of the fourth quarter of 2023 to provide more convenient and efficient integrated services which could satisfy the needs of our customers. The Group endeavored to understand the needs of our customers, refine our services and build an all-rounded service system under the "Zhong An" brand. In conducting business and formulating our development plan, the Group has adhered to our service tenet of "Pursuing Excellent Quality, Creating Happy Life (追求卓越品質，創造幸福生活)" and committed to providing quality services with the direction of "Sincere Services, Standardized Management, Achievement of Excellence, and Be Proactive and Innovative (服務至誠，管理規範，精益求精，進取創新)", as the Group believes that service quality is the key to enhance our customer satisfaction and strengthen a reputable brand recognition.

Future Outlook

Looking ahead, the competition in the property management industry will be increasingly intense. The Group will adhere to its service tenet of "Pursuing Excellent Quality, Creating Happy Life (追求卓越品質，創造幸福生活)" and commit to providing quality services with the direction of "Sincere Services, Standardized Management, Achievement of Excellence, and Be Proactive and Innovative (服務至誠，管理規範，精益求精，進取創新)", as we believe that service quality is the key to enhance our customer satisfaction and strengthen a reputable brand recognition.

The Group will further expand business scale and market share in the future. The Group will maintain quality growth and increase the number of property projects and GFA under management. The Group will continue to deploy in Zhejiang province and the Yangtze River Delta Region as the Group's key development areas. Through its own business expansion and through mergers and acquisitions of certain high-quality property management companies, the Group will further consolidate its market position in Jiangsu Province and expand market share in the cities it operates. Meanwhile, the Group will continue to make efforts in non-residential property types (such as government office buildings, industrial parks, hospitals, schools and museums) to further expand the types of property under management. ZhongAn Group has always followed the principle of "Advancing Without Forgoing Stability and Stabilizing Without Forgoing Advancement (發展不忘穩健，穩健不忘發展)" in business development. The Group will continue to uphold the business development purpose and direction of Zhong An Group.

The Group will further expand and optimize our professional development team, recruit outstanding professionals from benchmark companies, participate in professional training specifically for the industry, and raise the professional standards of the development team. The Group will continue to build up brand reputation of the Company and leverage its brand image, in order to establish extensive strategic cooperation with real estate development companies and provide property management services to their property projects. The Group will seek development opportunities brought by the expansion of business coverage of Zhong An Group, its parent company, actively participate in bidding, expand management radius, and ensure stable growth in scale.

FINANCIAL REVIEW

Revenue

For the Reporting Period, revenue of the Group amounted to approximately RMB165.8 million (2022 Interim Period: RMB152.4 million), representing an increase of 8.8% as compared with the 2022 Interim Period. The Group's revenue was derived from three major business lines: (i) property management services; (ii) value-added services mainly to property developers; and (iii) community value-added services.

The following table sets forth a breakdown of our revenue by business line for the periods indicated, both in absolute amount and as a percentage of total revenue:

	For the six months ended 30 June			
	2023		2022	
	(RMB in thousands, except for percentages)			
Property management services	**123,614**	**74.6%**	105,336	69.1%
Value-added services mainly to property developers	**31,731**	**19.1%**	29,614	19.4%
Community value-added services	**10,415**	**6.3%**	17,459	11.5%
Total	**165,760**	**100.0%**	152,409	100.0%

Property Management Services

During the Reporting Period, revenue from property management services amounted to approximately RMB123.6 million, representing an increase of 17.4% as compared with approximately RMB105.3 million in the 2022 Interim Period. As at 30 June 2023, the Group had a total GFA under management of approximately 14.4 million sq.m., representing an increase of 2.6 million sq.m. or 22.0% as compared with approximately 11.8 million sq.m. in the 2022 Interim Period. The increase was primarily attributable to the increase in projects delivered by independent third-party property developers, as well as the increase in business with Remaining Group.

A majority of our revenue from property management services is generated from services provided to properties developed by Remaining Group. As at 30 June 2023, we had 43 properties under our management that were developed by Remaining Group with a total GFA under the management of approximately 7.1 million sq.m..

The following table sets forth a breakdown of our total GFA under management by property type for the periods indicated:

	2023				2022			
	Number of projects	**GFA under management** ***(sq.m'000)***	**Revenue** ***(RMB'000)***	**Percentage**	Number of projects	GFA under management *(sq.m'000)*	Revenue *(RMB'000)*	Percentage
Remaining Group[1]	**43**	**7,119**	**80,102**	**64.8%**	39	6,632	77,242	73.3%
Joint ventures and associates of the Remaining Group[2]	**2**	**199**	**786**	**0.6%**	–	–	–	24.6%
Independent third-party property developers[3]	**58**	**7,068**	**42,726**	**34.6%**	40	5,150	28,094	26.7%
Total	**103**	**14,386**	**123,614**	**100.0%**	79	11,782	105,336	100.0%

Notes:

(1) Refer to properties solely developed by the Remaining Group or jointly developed by the Remaining Group and independent third-party property developers where the Remaining Group held a controlling interest in such properties.

(2) Refer to properties jointly developed by the Remaining Group and independent third-party property developers where the Remaining Group did not hold a controlling interest in such properties.

(3) Refer to properties solely developed by independent third-party property developers.

Our Geographical Presence

The Yangtze River Delta Region is one of the more economically developed regions in China with a higher urbanization rate and per capita annual disposable income than the national averages of China, and has a national- leading level of urban digitalization infrastructure, therefore, the Yangtze River Delta Region has always been and will continue to be our focus of development.

The following table sets forth a breakdown of our total GFA under management by region for the periods indicated:

	For the six months ended 30 June			
	2023		2022	
	Number of projects	**GFA under management** ***(sq.m'000)***	Number of projects	GFA under management *(sq.m'000)*
Second-tier cities	**65**	**8,334**	55	7,973
Third-tier cities	**2**	**585**	1	286
Other cities	**36**	**5,467**	23	3,523
Total	**103**	**14,386**	79	11,782

Note:

(1) For the purpose of this table, "second-tier cities" include Hangzhou, Ningbo, Hefei and Qingdao; "third-tier cities" include Jinhua and Wenzhou; and "other cities" include Lishui, Huzhou, Chuzhou, Huaibei, Taizhou and Zhoushan.

Portfolio of Properties under Management

While the majority of properties under our management are primarily attributable to residential properties, we continuously sought to provide property management services to non-residential properties in the Reporting Period. The non-residential properties under our management are diverse, including commercial and office buildings, serviced apartments, public and other properties (such as office buildings of PRC governmental bodies, industrial parks, hospitals, schools and museum). We believe that by accumulating our experience and recognition for the quality of our property management services to both residential and non-residential properties, we will be able to continue to diversify our portfolio of properties under management and further enlarge our customer base.

The following table sets forth the total GFA under management for the periods indicated:

	2023				2022			
	Number of projects	**GFA under management** ***(sq.m'000)***	**Revenue** ***(RMB'000)***	**Percentage**	Number of projects	GFA under management *(sq.m'000)*	Revenue *(RMB'000)*	Percentage
Residential properties	**77**	**12,020**	**86,452**	**69.9%**	61	10,583	79,385	75.4%
Non-residential properties	**26**	**2,366**	**37,162**	**30.1%**	18	1,199	25,951	24.6%
Total	**103**	**14,386**	**123,614**	**100.0%**	79	11,782	105,336	100.0%

Value-added Services Mainly to Property Developers

We provide a range of value-added services mainly to property developers covering different stages of property development projects, which primarily comprise (i) sales office management services mainly including the provision of management services at property sales venues and display units of property developers, (ii) preliminary planning and design consultancy services to property developers and (iii) pre-delivery inspection services. During the Reporting Period, revenue from value-added services mainly to property developers amounted to approximately RMB31.7 million, representing an increase of approximately 7.1% as compared with approximately RMB29.6 million in the 2022 Interim Period. The increase were primarily attributable to the combined results of (i) an increase of the pre-delivery inspection services, and (ii) a decrease of the provision of sales office management services to the Remaining Group.

Community Value-added Services

We mainly provide community value-added services principally to property owners and residents of our managed properties, which primarily comprise (i) common area management services where we assist property owners to lease out common areas for advertisement placements and operation or promotion of businesses which help facilitate the living convenience of the community, (ii) renovation waste disposal services where we assist the property owners in disposing of the waste generated as a result of the renovation work carried out in their units and (iii) car parking space sales agency services where we assist the Remaining Group to sell and purchasers to purchase car parking spaces in certain property projects we managed or under our management. During the Reporting Period, revenue from community value-added services was approximately RMB10.4 million, representing a decrease of 40.6% compared with approximately RMB17.5 million in the 2022 Interim Period. This decrease was primarily due to decreased demand for our car parking space sales agency services during the Reporting Period.

Cost of Sales

Our cost of sales primarily consists of (i) staff costs refer to the costs of our on-site staff directly providing property management services, value-added services mainly to property developers and community value-added services; (ii) expenses for cleaning and gardening services including cleaning, waste and sewerage charges; (iii) expenses for maintenance services and consumables including equipment repair expenses; and (iv) utilities expenses including water and electricities charges, office supplies for property management offices and communication charges. For the Reporting Period, the cost of sales of the Group was approximately RMB109.8 million, representing an increase of 15.1% as compared with the 2022 Interim Period. The growth rate of cost of sales was higher than that of revenue, mainly attributable to the continuous increase in staff cost. During the Reporting Period, staff costs included in the cost of sales were approximately RMB81.3 million, representing an increase of 13.4% as compared with approximately RMB71.7 million in the 2022 Interim Period.

Gross Profit and Gross Profit Margin

Based on the abovementioned factors, the gross profit of the Group was approximately RMB56.0 million for the Reporting Period, representing a slight decrease of 1.8% as compared with approximately RMB57.0 million in the 2022 Interim Period.

The following table sets forth the gross profit margin by business segment for the periods indicated:

	For the six months ended 30 June	
	2023	2022
Property management services	**31.2%**	34.4%
Value-added services mainly to property developers	**41.3%**	42.5%
Community value-added services	**41.5%**	46.5%
Total:	**33.8%**	37.4%

The Group's gross profit margin was affected by the combined gross profit margin of the three segments of property management services, community value-added services and value-added services mainly to property developers. The gross profit margin decreased from 37.4% for the 2022 Interim Period to 33.8% in the Reporting Period was primarily due to the decreased gross profit margin on community value-added services and property management services during the Reporting Period.

Administrative expenses

Our administrative expenses reached approximately RMB33.0 million, representing an increase of 20.4% from approximately RMB27.4 million for the 2022 Interim Period. It is higher than the revenue growth rate. The administrative expense ratio (administrative expense divided by revenue) was 19.9%, representing an increase of 1.9 percentage points compared to 18.0% of the 2022 Interim Period. This was mainly due to the increase in staff cost in order to enable the sustainable development of the Group, we continuously introduced high-quality management teams and improved the staff benefits of existing management.

Income Tax Expenses

The income tax expenses of the Group decreased by 22.1% from approximately RMB7.7 million for the 2022 Interim Period to approximately RMB6.0 million for the Reporting Period. The effective income tax rate was 28.1% (2022 Interim Period: 27.0%), representing an increase of 1.1 percentage points compared to the 2022 Interim Period.

Profit for the Period

As a result of the foregoing, the Group's net profit was approximately RMB15.4 million for the Reporting Period, representing a decrease of 26.0% as compared with approximately RMB20.8 million for the 2022 Interim Period. The net profit margin was 9.3%, representing a decrease of 4.4 percentage points as compared to 13.7% for the 2022 Interim Period.

The profit attributable to the owners of the parent decreased by approximately 26.0% from approximately RMB20.8 million for the 2022 Interim Period to approximately RMB15.4 million for the Reporting Period.

The basic and diluted earnings per share attributable to ordinary equity holders of the parent were RMB2.97 cents per share (2022 Interim Period: RMB4.02 cents per share).

Trade receivables and prepayments, other receivables and other assets

As at 30 June 2023, trade receivables and prepayments, other receivables and other assets amounted to approximately RMB154.8 million, representing an increase of approximately 13.7% from approximately RMB136.2 million as at 31 December 2022, which was primarily attributable to the scale expansion and business growth of the Group.

LIQUIDITY AND CAPITAL RESOURCES

The Group pursues a prudent treasury management policy and actively manages its liquidity position to cope with daily operations and any demands for capital for future development. Also, the Group actively reviews and manages its capital structure on a regular basis to maintain the advantages and security of a strong capital position and adjust the capital structure in response to changes in economic conditions.

The Group's principal sources of liquidity come from the proceeds from our business operations. Most of the Group's cash and cash equivalents are denominated in RMB, which amounts to approximately RMB41.6 million as at 30 June 2023, representing a decrease of approximately 6.9% from RMB44.7 million as at 31 December 2022.

As at 30 June 2023, the Group's current ratio (current assets divided by current liabilities) was 2.0 times (31 December 2022: 1.8 times). As at 30 June 2023, the Group did not have any bank borrowings and the gearing ratio (total borrowings divided by total equity) was nil.

Foreign exchange risk

Substantially all of the Group's revenues and expenditures are denominated in RMB. As at 30 June 2023, the Group has not entered into any hedging transactions. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign exchange rates and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL COMMITMENTS

As at 30 June 2023, the Group had no capital commitments.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 30 June 2023, the Company, its subsidiaries and associates did not have any financial guarantees, mortgage nor guarantees for loans, nor other significant contingent liabilities.

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

During the Reporting Period, the Group did not make any significant investments and there were no other material acquisitions and disposals of subsidiaries, associates or joint ventures by the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group intends to utilise part of the net proceeds raised from the listing to acquire or invest in other property management companies as part of our strategies to expand our business scale and market share. As at the date of this announcement, the Group did not have any other future plans for material investments or acquisition of capital assets.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

The Company was successfully listed on the Main Board of the Stock Exchange on 18 July 2023. On the Listing Date, 126,668,000 Shares were issued at an issue price of HK$1.18 per Share by way of the Global Offering.

On 10 August 2023, the Over-allotment Option had been partially exercised by the Overall Coordinators and the Joint Representatives (for themselves and on behalf of the International Underwriters) to require the Company to allot and issue 10,746,000 Shares at a price of HK$1.18 per Share. All the above Shares of the Company when issued rank pari passu with other Shares of the Company in issue in all respects.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group had 2,845 employees in total (30 June 2022: 2,566). The Group has adopted a system of determining employees' remuneration based on the performance of employees. The Group generally provides competitive remuneration packages to employees, including basic salaries, performance-based awards and year-end bonus. The Group also pays social security insurance for its employees, including medical insurance, work-related injury insurance, endowment insurance, maternity insurance, unemployment insurance and housing funds. In terms of employee training, the Group provides continuous and systematic training to employees based on their positions and expertise to enhance their expert knowledge in property management and related fields.

SUFFICIENCY OF PUBLIC FLOAT

Pursuant to Rule 8.08 of the Listing Rules, there must be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities to be maintained. This will normally mean that at least 25% of the issuer's total issued share capital must at all times be held by the public.

Based on the information available to the Company and the knowledge of the Directors, as at the date of this announcement, the Company has maintained the public float as required under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Shares were listed on the Stock Exchange on the Listing Date and the Over-allotment Option was partially exercised on 10 August 2023. Save as disclosed above, from the Listing Date to the date of this announcement, neither the Company nor its subsidiaries have purchased, redeemed or sold any of its listed securities.

INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividend for the Reporting Period.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company and preserving the shareholders' interests as a whole. The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Listing Rules as its own code to govern its corporate governance practices.

As the Shares were not listed on the Stock Exchange as at 30 June 2023, the CG Code did not apply to the Company during the Reporting Period.

The Board will continue to review and monitor the Company's practices to maintain a high standard of corporate governance, and our compliance with the CG Code will be disclosed in future announcements and financial reports.

AUDIT COMMITTEE

The Company has set up an audit committee ("**Audit Committee**") and adopted the terms of reference which complied with the CG Code. The chairperson of the Audit Committee is Mr. Chung Chong Sun. The other members are Mr. Liang Xinjun and Mr. Chiu Ngam. The Audit Committee comprised all of the three independent non-executive Directors. The Audit Committee has reviewed and discussed with the management of the Group the unaudited condensed consolidated interim results of the Company for the Reporting period, including the accounting principles and practices adopted by the Group, and discussed financial related matters. The Audit Committee has also reviewed the effectiveness of the risk management and the internal control systems of the Company, and considers the risk management and internal control systems to be effective and adequate. The unaudited condensed consolidated interim results for the Reporting period has not been audited but has been reviewed by the Company's independent auditors, Ernst & Young in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information was approved and authorised for issue by the board of directors on 25 August 2023.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct regarding dealings in the securities of the Company by the Directors and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company's securities.

The Shares were listed on the Stock Exchange on the Listing Date. Upon specific enquiry, all Directors confirmed that they have complied with the Model Code from the Listing Date to the date of this announcement.

By order of the Board
Zhong An Intelligent Living Service Limited
Shi Zhongan
Chairman

The People's Republic of China, 25 August 2023

As at the date of this announcement, the Board comprises Mr. Shi Zhongan, Mr. Sun Zhihua, Mr. Yang Guang, Ms. Xu Jianying, and Mr. Ding Lei as executive directors; and Mr. Chung Chong Sun, Mr. Liang Xinjun and Mr. Chiu Ngam as independent non-executive directors.