苏新服务
SUXIN SERVICE 1994

Suxin Joyful Life Services Co., Ltd.
蘇新美好生活服務股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2152)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL SUMMARY

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**341,420**	243,242
Gross profit	**75,344**	56,124
Gross profit margin	**22.1%**	23.1%
Profit for the period	**36,688**	29,502
Net profit margin	**10.7%**	12.1%
Profit attributable to owners of the Company	**34,759**	28,506
Basic earnings per share *(RMB per share)*	**0.34**	0.38

For the six months ended 30 June 2023, the total revenue of the Group was approximately RMB341.4 million, representing an increase of approximately 40.4% from approximately RMB243.2 million for the same period in 2022.

For the six months ended 30 June 2023, the gross profit of the Group was approximately RMB75.3 million, representing an increase of 34.2% from approximately RMB56.1 million for the same period in 2022. The Group's gross profit margin was 22.1%, which is relatively stable as compared with the same period in 2022.

For the six months ended 30 June 2023, the profit of the Group was approximately RMB36.7 million, representing an increase of 24.4% from approximately RMB29.5 million for the same period in 2022.

As at 30 June 2023, the Group had a total contracted GFA of approximately 15.7 million sq.m., representing an increase of 82.6% compared with 30 June 2022.

The Board resolved not to declare any interim dividend for the six months ended 30 June 2023.

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Suxin Joyful Life Services Co., Ltd. (the "**Company**") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2023, together with comparative figures for the six months ended 30 June 2022.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2023

		For the six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
REVENUE	*4*	**341,420**	243,242
Cost of sales		**(266,076)**	(187,118)
Gross profit		**75,344**	56,124
Other income and gains	*4*	**11,501**	3,014
Selling and marketing expenses		**(1,788)**	(1,378)
Administrative expenses		**(27,126)**	(12,045)
Other expenses		**(594)**	(548)
Finance costs		**(7,613)**	(4,303)
Share of loss of an associate		**(258)**	(1,024)
PROFIT BEFORE TAX	*5*	**49,466**	39,840
Income tax expense	*6*	**(12,778)**	(10,338)
PROFIT FOR THE PERIOD		**36,688**	29,502
Profit attributable to:			
Owners of the parent		**34,759**	28,506
Non-controlling interests		**1,929**	996
		36,688	29,502
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*8*	**0.34**	0.38

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income/(loss):		
Changes in fair value	**871**	(3,620)
Income tax effect	**(216)**	905
	655	(2,715)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**655**	(2,715)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**37,343**	26,787
Total comprehensive income attributable to:		
Owners of the parent	**35,414**	25,791
Non-controlling interests	**1,929**	996
	37,343	26,787

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	**30 June 2023 (Unaudited)** *RMB'000*	31 December 2022 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**399,601**	409,570
Investment properties		**354,047**	352,981
Other intangible assets		**1,075**	694
Investment in a joint venture		**1,000**	–
Investment in an associate		**–**	4,778
Equity investments designated at fair value through other comprehensive income		**71,544**	70,673
Right-of-use assets		**9,916**	10,026
Time deposits		**1,937**	1,937
Deferred tax assets		**6,238**	5,622
Total non-current assets		**845,358**	856,281
CURRENT ASSETS			
Inventories		**120**	111
Trade receivables	*10*	**279,878**	176,503
Prepayments, other receivables and other assets		**29,528**	32,589
Due from related parties	*13*	**23,244**	19,008
Restricted cash		**265**	845
Cash and cash equivalents		**311,752**	350,909
		644,787	579,965
Non-current asset classified as held for sale	*14*	**4,520**	–
Total current assets		**649,307**	579,965

	Notes	**30 June 2023 (Unaudited)** *RMB'000*	31 December 2022 (Audited) *RMB'000*
CURRENT LIABILITIES			
Trade payables	*11*	**245,809**	211,820
Other payables and accruals		**100,555**	95,169
Interest-bearing bank loans		**11,250**	11,250
Due to related parties	*13*	**10,678**	10,394
Tax payable		**2,110**	3,449
Contract liabilities		**38,741**	39,828
Total current liabilities		**409,143**	371,910
NET CURRENT ASSETS		**240,164**	208,055
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,085,522**	1,064,336
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		**107,813**	111,250
Deferred tax liabilities		**18,930**	18,434
Other liabilities		**172,486**	170,974
Total non-current liabilities		**299,229**	300,658
Net assets		**786,293**	763,678
EQUITY			
Share Capital		**101,047**	101,047
Reserves		**674,143**	655,907
Equity attributable to owners of the parent		**775,190**	756,954
Non-controlling interests		**11,103**	6,724
Total equity		**786,293**	763,678

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

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*. 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. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 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 Contracts*
Amendments to IFRS 17	*Insurance Contracts*
Amendments 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.

(c) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group's accounting policy on deferred tax aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(d) Amendments to IAS 12 International Tax Reform — Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes commercial property management services, residential property management services, city services and rental income for the purpose of making decisions about resource allocation and performance assessment. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated. Therefore, no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

During the periods, the Group operated within one geographical location because all of its revenues were generated in Mainland China and all of its non-current assets/capital expenditures were located/incurred in Mainland China. Accordingly, no further geographical information is presented.

Information about major customers

For the six months ended 30 June 2023, revenue of approximately RMB71,944,000 (for the six months ended 30 June 2022: RMB32,238,000) was derived from the provision of city services, rental income and the provision of commercial property management services to a single customer. Except for the above, no revenue from other customers accounted for more than 10% of the total revenue of the Group.

4. REVENUE, OTHER INCOME AND GAINS

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		
Commercial property management services	**91,196**	88,028
Residential property management services	**38,424**	32,631
City services	**201,050**	110,647
	330,670	231,306
Revenue from other sources		
Rental income	**10,750**	11,936
	341,420	243,242

Disaggregated revenue information for revenue from contracts with customers

	Commercial property management services *RMB'000*	Residential property management services *RMB'000*	City services *RMB'000*	Total *RMB'000*
For the six months ended 30 June 2023 (unaudited)				
Rendering of services	**91,196**	**38,424**	**201,050**	**330,670**
Geographical market				
Mainland China	**91,196**	**38,424**	**201,050**	**330,670**
Timing of revenue recognition				
Services transferred over time	**88,951**	**36,515**	**201,050**	**326,516**
Services transferred at a point in time	**2,245**	**1,909**	**–**	**4,154**
Total revenue from contracts with customers	**91,196**	**38,424**	**201,050**	**330,670**

	Commercial property management services *RMB'000*	Residential property management services *RMB'000*	City services *RMB'000*	Total *RMB'000*
For the six months ended 30 June 2022 (unaudited)				
Rendering of services	88,028	32,631	110,647	231,306
Geographical market				
Mainland China	88,028	32,631	110,647	231,306
Timing of revenue recognition				
Services transferred over time	86,221	31,635	110,647	228,503
Services transferred at a point in time	1,807	996	–	2,803
Total revenue from contracts with customers	88,028	32,631	110,647	231,306

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Interest income	**3,187**	593
Government grants*	**980**	1,461
Foreign exchange differences,net	**5,580**	–
Others	**688**	960
	10,435	3,014
Gains		
Fair value gains on investment properties	**1,066**	–
Other income and gains	**11,501**	3,014

* The amount represents subsidies received from local government authorities in connection with certain financial support to local business enterprises. These government subsidies mainly comprised subsidies for employment promotion and other miscellaneous subsidies and incentives for various purposes. There are no unfulfilled conditions relating to such government subsidies recognized.

5. PROFIT BEFORE TAX

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

		For the six months ended 30 June	
		2023	2022
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Cost of services provided		**266,076**	187,118
Depreciation of property, plant and equipment		**13,200**	10,114
Depreciation of right-of-use assets		**110**	123
Lease payments not included in the measurement of lease liabilities		**56**	102
Loss on disposal of items of property, plant and equipment		**2**	177
Auditor's remuneration		**1,000**	380
Interest income		**(3,187)**	(593)
Employee benefit expenses (including directors' and chief executive's remuneration)*:			
Wages, salaries and other allowances		**66,291**	56,994
Pension scheme contributions and social welfare		**16,308**	14,217
		82,599	71,211
Impairment of trade receivables	*10*	**8,639**	(2,693)
Changes in fair value of investment properties		**(1,066)**	440

* Amounts of RMB71,416,000 of employee benefit expenses were included in cost of services during the six months ended 30 June 2023 (six months ended 30 June 2022: RMB65,736,000).

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income.

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current — Mainland China:		
Charge for the period	**13,114**	11,571
Deferred tax	**(336)**	(1,233)
Total tax charge for the period	**12,778**	10,338

7. DIVIDEND

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Final declared — RMB0.17(2022:Nil)per ordinary share	**17,178**	–

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 101,047,000 (2022: 75,000,000) in issue during the period.

The Group had no potentially diluted ordinary shares in issue during the six months ended 30 June 2023 and 2022.

The calculation of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to owners of the parent, used in the basic earnings per share calculation	**34,759**	28,506
Number of shares:		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	**101,047**	75,000

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets at a cost of RMB3,268,000 (six months ended 30 June 2022: RMB63,626,000).

Assets with a net book value of RMB37,000 were disposed of by the Group during the six months ended 30 June 2023 (six months ended 30 June 2022: RMB413,000), resulting in a net loss on disposal of RMB2,000 (net loss for the six months ended 30 June 2022: RMB177,000).

10. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**247,736**	162,889
1 to 2 years	**29,953**	12,858
2 to 3 years	**2,189**	756
	279,878	176,503

11. TRADE PAYABLES

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

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Within 1 year	**236,997**	194,586
1 to 2 years	**3,583**	10,699
2 to 3 years	**2,026**	4,482
Over 3 years	**3,203**	2,053
	245,809	211,820

12. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Contracted, but not provided for:		
Buildings and machinery	**106**	3,923

13. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the period:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Property management service and city services income:		
Companies controlled by the controlling shareholder of the Company, Suzhou Sugaoxin Group Co., Ltd. ("SND Company")	**27,110**	18,537
Joint ventures or associates of SND Company and its subsidiaries("SND Group")	**7,032**	5,274
The controlling shareholder of the Company	**1,404**	1,108
	35,546	24,919
Rental income:		
Joint ventures or associates of SND Group	**327**	409
Other purchases from related companies:		
Companies controlled by the controlling shareholder	**2,567**	2,336
Joint ventures or associates of SND Group	**358**	108
	2,925	2,444

(b) Outstanding balances with related parties:

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Due from related companies:		
Trade related		
Companies controlled by the controlling shareholder	**16,540**	11,610
Joint ventures or associates of SND Group	**6,704**	7,398
	23,244	19,008

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Due to related companies:		
Trade related		
Joint ventures or associates of SND Group	**1,193**	1,863
Companies controlled by the controlling shareholder	**9,358**	8,212
The controlling shareholder of the Company	**127**	319
	10,678	10,394

Related party balances are unsecured, interest-free and have no fixed terms of repayment.

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Short-term employee benefits	**310**	351
Post-employment benefits	**147**	140
Total compensation paid to key management personnel	**457**	491

14. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

According to the announcement made by the Company on 24 March 2023, the Company proposed to dispose of the 49% equity interest in an associate, SND Yiyang Health Management Company Limited, through public tender at the Suzhou Exchange Centre. On 7 June 2023, the Company agreed to dispose its 49% equity interest in SND Yiyang Health Management Company Limited to Suzhou High-tech Health Industry Development (Suzhou) Co., Ltd. at a consideration of approximately RMB5,808,000. As of the approval date of the financial statements, such disposal has not been completed yet.

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

As at 30 June 2023

	Carrying amounts *RMB'000* (Unaudited)	Fair values *RMB'000* (Unaudited)
Financial assets		
Equity investments designated at fair value through other comprehensive income	**71,544**	**71,544**
Financial liabilities		
Other liabilities	**172,486**	**172,486**
Interest-bearing bank loans	**119,063**	**119,063**
	291,549	**291,549**

As at 31 December 2022

	Carrying amounts *RMB'000* (Audited)	Fair values *RMB'000* (Audited)
Financial assets		
Equity investments designated at fair value through other comprehensive income	70,673	70,673
Financial liabilities		
Other liabilities	170,974	170,974
Interest-bearing bank loans	122,500	122,500
	293,474	293,474

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables, time deposits, restricted cash, current interest-bearing bank loans and other borrowings, trade payables, other liabilities, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The finance manager of each subsidiary of the Group is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The Group's finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the non-current portion of interest-bearing bank loans and other liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank loans and other liabilities as at the end of each period were assessed to be insignificant.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using the market approach based on the market interest rates of instruments with similar terms and risks and asset-based approach based on the general concept that the earning power of a business entity is derived primarily from its existing assets.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments as at 30 June 2023 and 31 December 2022:

	Valuation technique	**Significant unobservable input**	**Range**	**Sensitivity of fair value to the input**
Equity investments designated at fair value through other comprehensive income				
Suzhou Huirong Business Travel Development Co., Ltd.	Market approach	Discounts for lack of marketability ("DLOM")	30 June 2023:30%	5% increase/(decrease) in discount would result in (decrease)/increase in fair value by (RMB1,292,000)/ RMB1,292,000
			31 December 2022:30%	5% increase/(decrease) in discount would result in (decrease)/increase in fair value by (RMB1,273,000)/ RMB1,273,000
Suzhou Xinjingtian Business Land Development Co., Ltd.	Asset-based approach	Unit price (RMB per sq.m)	30 June 2023: 4,131 to 18,704	5% increase/(decrease) in discount would result in increase/(decrease) in fair value by RMB4,562,000/ (RMB4,562,000)
			31 December 2022: 4,136 to 18,675	5% increase/(decrease) in discount would result in increase/(decrease) in fair value by RMB4,541,000/ (RMB4,541,000)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value as at 30 June 2023:

	Fair value measurement using			
	Quoted prices in active markets Level 1 *RMB'000* **(Unaudited)**	**Significant observable inputs Level 2** *RMB'000* **(Unaudited)**	**Significant unobservable Level 3** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Equity investments designated at fair value through other comprehensive income	**–**	**–**	**71,544**	**71,544**

Assets measured at fair value as at 31 December 2022:

	Fair value measurement using			
	Quoted prices in active markets Level 1 *RMB'000* (Audited)	Significant observable inputs Level 2 *RMB'000* (Audited)	Significant unobservable Level 3 *RMB'000* (Audited)	Total *RMB'000* (Audited)
Equity investments designated at fair value through other comprehensive income	–	–	70,673	70,673

The movements in fair value measurements in Level 3 during the reporting period are as follows:

	2023 *RMB'000* **(Unaudited)**	2022 *RMB'000* (Unaudited)
At 1 January	**70,673**	92,440
Remeasurement recognised in other comprehensive income/(loss)	**871**	(3,620)
At 30 June	**71,544**	88,820

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2022: Nil).

16. EVENTS AFTER THE REPORTING PERIOD

On 3 August 2023, Suzhou Golden Lion Building Development Management Co., Ltd. ("Golden Lion"), a wholly-owned subsidiary of the Company, and Suzhou Jianrong Group Co., Ltd entered into an agreement, pursuant to which Golden Lion has agreed to transfer of 3.167% equity interest in Suzhou Huirong Business Travel Development Co., Ltd. to Suzhou Jianrong Group Co., Ltd at a consideration of approximately RMB60,303,000.The Group will cease to hold any equity interest in Suzhou Huirong Business Travel Development Co., Ltd. immediately upon the completion of the disposal.

On 10 August 2023, Golden Lion and Suzhou Gaoxin Zhitai Innovation Development Co., Ltd. ("Zhitai"), a wholly-owned subsidiary of SND Company, entered into an agreement, pursuant to which Golden Lion has agreed to acquire 100% equity interest of Suzhou Sutong Kejia Electromechanical Engineering Co., Ltd. from Zhitai at a consideration of RMB1. Upon completion of such acquisition, Suzhou Sutong Kejia Electromechanical Engineering Co., Ltd. will become a wholly-owned subsidiary of the Company.

On 10 August 2023, each of Zhitai and Suzhou High tech Zone Water Supply Co., Ltd.("Suzhou Water Supply Co"), a subsidiary of SND Company, entered into an agreement with Golden Lion, pursuant to which each of Zhitai and Suzhou Water Supply Co agreed to transfer the respective 49% and 51% equity interests of Suzhou Runjia Engineering Co., Ltd. to Golden Lion at the consideration of approximately RMB2,054,000 and RMB2,137,000, respectively. Upon completion of such acquisition, Suzhou Runjia Engineering Co., Ltd. will become a wholly-owned subsidiary of the Company.

17. APPROVAL OF THE FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 28 August 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is a city service and property management service provider deeply rooted in the Yangtze River Delta Region, especially in Suzhou. The H shares of the Company (the "**H Shares**") were listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 24 August 2022 (the "**Listing Date**") by way of global offering (the "**Global Offering**").

The Group focuses on providing city services, commercial property management services, residential property management services and property leasing. Headquartered in Suzhou, Jiangsu Province, the Group has established a solid market presence in the Yangtze River Delta Region. The Group believes that its strategic focus on the Yangtze River Delta Region, especially in Suzhou, and the established market position for providing city services and property management services in Suzhou will continue to support the growth of the Group's business scale and enable the Group to enjoy competitive advantages in the city service and property management service market of the People's Republic of China ("**China**" or "**PRC**").

The Group's focus on city environment, citizen wellbeing and commitment to customer satisfaction has shaped its brand image for high-calibre services. The Group's commitment to quality services has earned the Group numerous industry awards and recognitions. The Group has been recognized as one of the Top 100 Property Management Companies of China for eight consecutive years since 2016 and was ranked 41st among the 2023 Top 100 Property Management Companies of China (2023 中國物業服務百強企業) by China Index Academy ("**CIA**")* in terms of overall strength. The Group was honoured as one of the "Leading Smart City Services Companies in China" (2023 中國智慧城市服務領先企業) by CIA in 2023 and Shishan Cultural Square, the project under management, was accredited as "China Five-Star Property Service Project in 2023 (2023 中國五星級物業服務項目)".

The Group provides comprehensive city services and property management services to a wide variety of properties, including (i) city services offered to local governments and public authorities to satisfy local residents' daily living needs and improve their living standards and experience; (ii) commercial property management services offered to industrial parks, office buildings, apartments and commercial complexes; and (iii) residential property management services. The Group offers both traditional property

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* Each year the CIA publishes the Top 100 Property Management Companies in China in terms of overall strength based on the data from the previous year on key factors such as management scale, operational performance, service quality, growth potential and social responsibility of the property management companies under consideration.

management services and a wide range of value-added services to commercial properties and residential communities to address the diverse needs of its customers while enhancing customer stickiness. The Group also provides property leasing services where it leases out office buildings and apartments to diversify its revenue streams. The Group believes that provision of diverse services will improve customers' loyalty, increase its brand recognition and enhance business operations and financial performance.

As of 30 June 2023, the Group was contracted to provide public facility management services, basic commercial property management services and basic residential property management services to 114 projects in China, with a total contracted gross floor area ("**GFA**") of approximately 15.7 million square metres ("**sq.m**."), representing an increase of 82.6% compared with 30 June 2022, primarily due to the fact that the Company was officially engaged to provide services for Shushan Village Scenic Area (樹山村景區) with a total GFA of 5.2 million sq.m, among which 111 projects with a total GFA of over 14.7 million sq.m. were under the Group's management.

BUSINESS REVIEW

During the six months ended 30 June 2023, the Group derived its revenue primarily from four business lines, namely, (i) city services; (ii) commercial property management services; (iii) residential property management service; and (iv) property leasing services.

Portfolio of Properties under Management

The following table sets forth the number of projects and GFA under the Group's management for public facility management services, basic commercial property management services and basic residential property management services as of the dates indicated by business line:

	As of 30 June			
	2023		2022	
	Number of projects	**GFA under management** *sq.m.'000*	Number of projects	GFA under management *sq.m.'000*
Public facility management services	**44**	**3,453.1**	21	1,620.8
Basic commercial property management services	**44**	**7,943.7**	34	2,108.2
Basic residential property management services	**23**	**3,325.5**	22	3,175.8
Total	**111**	**14,722.3**	77	6,904.8

City Services

The Group assists local governments and public authorities in their provision of city services to improve local residents' living experience and environment. The Group's city services primarily include (i) municipal infrastructure services; (ii) public facility management services; and (iii) operation of waste collection centres.

Municipal Infrastructure Services

The Group offers municipal infrastructure services including cleaning, greening, maintenance, regular inspection and refurbishment services to ensure the cleanliness and normal operations of public infrastructure under the Group's management, including city roads, external walls of buildings along main city roads, street lamps, water supply network, as well as tram and tram platforms. The Group charges service fees based on the length of roads or GFA of the site area covered by its services. As of 30 June 2023, the Group provided municipal infrastructure services to 23 projects.

Public Facility Management Services

The Group offers property management services including cleaning, security, gardening and landscaping, as well as repair and maintenance services to public facilities such as public museums, libraries, art and sports centres, city parks and office buildings for public authorities.

As of 30 June 2023, GFA of public facilities under the Group's management was approximately 3.5 million sq.m., and the Group was contracted to manage public facilities with a GFA of approximately 4.2 million sq.m..

Operation of Waste Collection Centres

Underpinned by the Group's extensive experience in maintaining public facilities, the Group has been awarded by local governments and public authorities for the construction and operation of waste collection centres. Upon construction of waste collection centres, the Group assists local governments and public authorities in operating the waste collection centres and offering waste management services, including collecting household waste from city roads, households and commercial sources in the Suzhou Gaoxin District, transporting waste to the Group's operated waste collection centres, sorting and compacting waste for better treatment, and disposing compressed waste to incineration for burning or landfills for burying operated by third parties.

As of 30 June 2023, the Group had three waste collection centres with the maximum capacity to process a total of 1,200 tons of household waste per day and 50 tons of bulky waste per day.

Commercial and Residential Property Management Services

The Group's commercial and residential property management services include both basic property management services and value-added services. Basic property management services include security services, cleaning, greening and gardening services, and common area facility repair and maintenance services. Value-added services include carpark space management services, resource management services, property agency services, and other customized services such as customized cleaning and maintenance services, security services, hosting events, business support and/or assistance to customers in leasing printing machines according to specific customer demands.

As of 30 June 2023, the Group provided basic commercial property management services to 44 commercial properties with a total GFA under management of approximately 7.9 million sq.m., and 23 residential properties with a total GFA under management of approximately 3.3 million sq.m..

Property Leasing

The Group owns certain investment properties such as office buildings and apartments which are leased out as staff dormitories or offices. The Group charges rental fees and management fees.

As of 30 June 2023, the average occupancy rate of the Group's leased properties was approximately 60.05%. The Group recorded a decrease in average occupancy rate from approximately 65.8% in the six months ended 30 June 2022 to approximately 55.89% in the six months ended 30 June 2023, primarily due to the fact that the renovation of the electrical facilities in the Company's largest property leasing project, Jinlin Apartment (金鄰公寓), affected the rental space available.

OUTLOOK

Firstly, the Group will manage the growth of project scale while increasing profitability. The Group's business scale will be expanded through mergers and acquisitions, equity investment and other methods. Sound procedures for the selection of acquisition targets as well as due diligence and judgment will be implemented. The Group will closely monitor key projects with a focus on major processes such as project completion, tender and bidding. Through strategic cooperation, the Group will carry out in-depth research on market demand and industry trends in order to improve the bid winning rate and business growth rate of projects.

Secondly, the Group will continue to deeply integrate into the reform process of urban service integration in Suzhou Gaoxin District. The Group will grasp the opportunity of increasing demand for public and government facilities and urban operation services in the process of continuous transformation of government functions, and expand sources of income. The Group will comprehensively improve the functions of the city housekeeper platform in Suzhou Gaoxin District, continue to promote the implementation of the "human-machine integration" sanitation concept, and realize refined operations. The operation of three distribution centers will be further standardized and managed, and Science & Technology City Waste Collection Center will promote the collection and transportation of oversized waste.

Thirdly, the Group will provide professional and customized property services. The Group will continue to improve its service quality and customer satisfaction, and refine its service processes and service levels through regular customer feedback surveys and satisfaction assessments. The Group will strengthen staff trainings and skill improvement to ensure that all staff have professional knowledge and skills to deal with various complex situations. The Group will enhance its communication and cooperation with customers, continuously understand their needs and expectations, and provide customized property solutions.

Fourthly, the Group will accelerate digital development of the industry and promote the upgrade of smart services. The Group will comprehensively promote the integrated customer service center and WeChat App, realize online access to report and repair, dynamic update of project data, and unified management of services. According to the characteristics of each project, various methods will be adopted to improve the service quality. The Group will strengthen the construction of smart properties and provide innovative services and value-added services, so as to continuously improve the satisfaction of owners. The Group will introduce advanced property management systems and technologies to boost work efficiency and information management capabilities. The Group will continue to optimize its quality management system, and strengthen the supervision and implementation of various work processes and standard operations, in order to ensure the efficiency and standardization of operating activities. The Group will continuously improve equipment maintenance and maintenance work to ensure the normal operation of equipment and reduce failures and downtime.

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of the Group's revenue by business line for the periods indicated:

	Six months ended 30 June			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
City services	**201,050**	**58.9%**	110,647	45.5%
— Municipal infrastructure services	**106,796**	**31.3%**	41,337	17.0%
— Public facility management services	**64,617**	**18.9%**	41,193	16.9%
— Operation of waste collection centers	**29,637**	**8.7%**	28,117	11.6%
Commercial property management services	**91,196**	**26.7%**	88,028	36.2%
— Basic property management services	**78,666**	**23.0%**	76,713	31.5%
— Value-added services	**12,530**	**3.7%**	11,315	4.7%
Residential property management services	**38,424**	**11.3%**	32,631	13.4%
— Basic property management services	**27,726**	**8.2%**	23,760	9.8%
— Value-added services	**10,698**	**3.1%**	8,871	3.6%
Property leasing	**10,750**	**3.1%**	11,936	4.9%
Total	**341,420**	**100.0%**	243,242	100.0%

Revenue of the Group increased by approximately 40.4% from approximately RMB243.2 million for the six months ended 30 June 2022 to approximately RMB341.4 million for the six months ended 30 June 2023, primarily reflecting the following:

(i) revenue from city services increased by approximately 81.7% from approximately RMB110.6 million for the six months ended 30 June 2022 to approximately RMB201.1 million for the six months ended 30 June 2023, primarily due to the increase in revenue from municipal infrastructure services as a result of the expansion of integrated city services, as well as the expansion of the Group's public facility management services as it began to manage (among others) a cultural and sports complex, a university and several primary schools and kindergartens;

(ii) revenue from commercial property management services increased by approximately 3.6% from approximately RMB88.0 million for the six months ended 30 June 2022 to approximately RMB91.2 million for the six months ended 30 June 2023, primarily due to the expansion of the Group's commercial property management services as it began to manage (among others) a commerce and office complex, an office building and four industrial parks;

(iii) revenue from residential property management services increased by approximately 17.8% from approximately RMB32.6 million for the six months ended 30 June 2022 to approximately RMB38.4 million for the six months ended 30 June 2023, primarily due to the addition of a residential project and the increase in income from temporary parking and advertising for other projects; and

(iv) revenue from property leasing services decreased by approximately 9.9% from approximately RMB11.9 million for the six months ended 30 June 2022 to approximately RMB10.8 million for the six months ended 30 June 2023, primarily due to the fact that the renovation of the electrical facilities in the Company's largest property leasing project, Jinlin Apartment (金鄰公寓), affected the rental space available.

Cost of Sales

The Group's cost of sales increased from approximately RMB187.1 million for the six months ended 30 June 2022 to approximately RMB266.1 million for the six months ended 30 June 2023 primarily due to the increase in subcontracting costs and other expenses as a result of the Group's new projects.

Gross Profit and Gross Profit Margin

The following table sets forth the Group's gross profit and gross profit margin by business line for the periods indicated:

	Six months ended 30 June			
	2023		2022	
	Gross profit *RMB'000* **(Unaudited)**	**Gross profit margin**	Gross profit *RMB'000* (Unaudited)	Gross profit margin
City services	**45,872**	**22.8%**	26,912	24.3%
Commercial property management services	**16,962**	**18.6%**	16,304	18.5%
Residential property management services	**3,470**	**9.0%**	2,751	8.4%
Property leasing	**9,040**	**84.1%**	10,157	85.1%
Total	**75,344**	**22.1%**	56,124	23.1%

The Group's gross profit increased by approximately 34.2% from approximately RMB56.1 million for the six months ended 30 June 2022 to approximately RMB75.3 million for the six months ended 30 June 2023, primarily due to the Group's business expansion.

The Group's gross profit margin remained stable during the period, primarily reflecting the following:

(i) gross profit for city services increased by approximately 70.5% from approximately RMB26.9 million for the six months ended 30 June 2022 to approximately RMB45.9 million for the six months ended 30 June 2023, mainly due to the increase in revenue from municipal infrastructure services as a result of the expansion of integrated city services, as well as the expansion of the Group's public facility management services as it began to manage (among others) a cultural and sports complex, a university and several primary schools and kindergartens;

(ii) gross profit for commercial property management services increased by approximately 4.0% from approximately RMB16.3 million for the six months ended 30 June 2022 to approximately RMB17.0 million for the six months ended 30 June 2023, primarily due to the expansion of the Group's commercial property management services as it began to manage (among others) a commerce and office complex, an office building and four industrial parks;

(iii) gross profit for residential property management services increased by approximately 26.1% from approximately RMB2.8 million for the six months ended 30 June 2022 to approximately RMB3.5 million for the six months ended 30 June 2023, primarily due to the addition of a residential project and the increase in income from temporary parking and advertising for other projects; and

(iv) gross profit for property leasing services decreased by approximately 11.0% from approximately RMB10.2 million for the six months ended 30 June 2022 to approximately RMB9.0 million for the six months ended 30 June 2023, primarily due to the fact that the renovation of the electrical facilities in the Company's largest property leasing project, Jinlin Apartment (金鄰公寓), affected the rental space available.

Other Income and Gains

The Group's other income and gains increased by approximately 281.6% from approximately RMB3.0 million for the six months ended 30 June 2022 to approximately RMB11.5 million for the six months ended 30 June 2023, primarily due to (i) the increase in interest income from cash on hand; (ii) the increase in exchange differences, net; (iii) the appreciation of the value of investment properties.

Selling and Marketing Expenses

The Group's selling and marketing expenses remained relatively stable at approximately RMB1.4 million and RMB1.8 million for the six months ended 30 June 2022 and 2023, respectively.

Administrative Expenses

Administrative expenses increased by approximately 125.2% from approximately RMB12.0 million for the six months ended 30 June 2022 to approximately RMB27.1 million for the six months ended 30 June 2023, primarily due to increase in the provision for credit loss.

Other Expenses

Other expenses remained relatively stable at approximately RMB0.5 million and RMB0.6 million for the six months ended 30 June 2022 and 2023, respectively.

Finance Costs

Finance cost increased by approximately 76.9% from approximately RMB4.3 million for the six months ended 30 June 2022 to RMB7.6 million for the six months ended 30 June 2023, primarily due to the fact that the interest was recognized as expenses upon commencement of operation of the household waste collection centers. Borrowing costs directly attributable to the construction of waste collection centers were capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceased when waste collection centers were substantially ready for their intended use.

Share of Loss of an Associate

On 18 December 2020, the Group invested RMB9.8 million in SND Yiyang Health Management Company Limited (蘇高新怡養健康管理有限公司) ("**SND Yiyang**"), a provider of elderly care, nursing and medical services, for 49% of its shares.

The Group's share of loss of an associate arose from the investment in SND Yiyang amounted to approximately RMB1.0 million and RMB0.3 million for the six months ended 30 June 2022 and 2023, respectively.

As a result of the disappointing performance of SND Yiyang, the Company entered into an asset transaction agreement on 7 June 2023 to dispose of its entire interests in SND Yiyang at a consideration of RMB5,808,100. Upon completion of such disposal, it is estimated that the Group will record a gain on the disposal of approximately RMB1 million and SND Yiyang will cease to contribute profit or loss to the Group thereafter.

As at the date of this announcement, the disposal of SND Yiyang has not been completed.

For details, please refer to the section headed "SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES" below.

Income Tax Expense

Income tax expenses increased by approximately 23.6% from approximately RMB10.3 million for the six months ended 30 June 2022 to approximately RMB12.8 million for the six months ended 30 June 2023, primarily due to the expansion of the Group which led to the increase in the Group's profit before tax.

Profit for the period

As a result of the foregoing, profit for the period increased from approximately RMB29.5 million for the six months ended 30 June 2022 to approximately RMB36.7 million for the six months ended 30 June 2023.

Property, Plant and Equipment

Property, plant and equipment remained relatively stable at approximately RMB409.6 million as of 31 December 2022 and RMB399.6 million as of 30 June 2023.

Investment Properties

The Group's investment properties mainly represent the value of commercial properties and rental apartments. The value of the Group's investment properties was relatively stable at approximately RMB353 million as of 31 December 2022 and RMB354 million as of 30 June 2023.

Equity Investment Designated at Fair Value Through Other Comprehensive Income

As of 30 June 2023, the Group recorded equity investments designated at fair value through other comprehensive income of approximately RMB71.5 million (31 December 2022: approximately RMB70.7 million).

Equity investments designated at fair value through other comprehensive income reflect the value of (i) the Group's equity investment in Suzhou Huirong Business Travel Development Company (蘇州匯融商旅發展有限公司) ("**Suzhou Huirong**"); and (ii) the Group's investment in Suzhou Xinjingtian Business Land Development Company (蘇州新景天商務地產發展有限公司) ("**Suzhou Xinjingtian**"), details of which are set out below:

	Principal Business	Percentage of equity attributes as of 30 June 2023	Investment costs	Fair value through other comprehensive income as of 30 June 2023	Size relative to the Company's total assets as of 30 June 2023	Fair value loss as of 30 June 2023
			RMB'000	*RMB'000*		*RMB'000*
Suzhou Huirong	Property leasing	3.17%	57,000	60,303	4.0%	834
Suzhou Xinjingtian	Property development and leasing	8.00%	24,000	11,242	0.8%	37

No dividends were received on the above investments during the six months ended 30 June 2023 (31 December 2022: Nil).

On 15 June 2023, the Company proposed to dispose of its entire interest held in Suzhou Huirong through public tender at the Suzhou Exchange Centre. For details, please refer to the section headed "SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES" below.

The Group remains susceptible to the risk of fair value change of its equity investments designated at fair value through other comprehensive income, and may record a fair value loss on the equity investments in the future, which would lead to a decrease in the total assets as well as net assets.

To monitor the performance of the Group's equity investments, the Group has adopted the following internal control policies: (i) the manager and supporting staff of each equity investment report the investment budget, the operational status of the investment target, and the major issues and their potential consequences to the Group's management on a quarterly basis; (ii) the Group will review the equity investments at least annually, and conduct periodical or special audits of its investment assets; and (iii) all the files related to each equity investment are documented and archived.

Trade Receivables

Trade receivables are amounts due from independent third-party customers for services the Group performed in its ordinary course of business. The Group's trade receivables increased by approximately 58.6% from approximately RMB176.5 million as of 31 December 2022 to approximately RMB279.9 million as of 30 June 2023, primarily due to the expansion of the city services and payments in relation to various integrated city services projects were not yet settled, resulting in an increase in trade receivables.

Prepayments, Other Receivables and Other Assets

The Group's prepayments, other receivables and other assets decreased by approximately 9.4% from approximately RMB32.6 million as of 31 December 2022 to approximately RMB29.5 million as of 30 June 2023, mainly due to the decrease in tax deductible due to the receipt of tax refund from the municipal government.

Trade Payables

Trade payables primarily represent the Group's obligations to pay for services acquired in the ordinary course of business from independent third-party subcontractors and construction parties of waste collection centres. The Group's trade payables increased by approximately 16% from approximately RMB211.8 million as of 31 December 2022 to approximately RMB245.8 million as of 30 June 2023, primarily due to the expansion of the city services and payments in relation to various integrated city services projects were not yet settled, resulting in an increase in trade payables due to subcontractors.

Other Payables and Accruals

Other payables and accruals represent (i) deposits that the Group collects from (a) property developers, property owners, residents and tenants before the Group commences its provision of property management services; and (b) property owners and residents before they begin renovating or refurnishing their units; (ii) payroll and welfare payable; (iii) maintenance funds; (iv) receipts of payments on behalf of customers, which primarily include payments from third parties for common area advertising and temporary parking; and (v) other tax payables.

The Group's other payables and accruals remained relatively stable at approximately RMB95.2 million as of 31 December 2022 and RMB100.6 million as of 30 June 2023.

Contract Liabilities

Contract liabilities mainly arise from payments the Group receives from customers based on billing schedules prescribed in the property management service agreements. A portion of payments are usually received in advance of the performance of property management services under the contracts.

The Group's contract liabilities remained relatively stable at approximately RMB39.8 million as of 31 December 2022 and RMB38.7 million as of 30 June 2023.

Net Current Assets

The Group's total current assets increased by approximately 11.9% from approximately RMB580.0 million as of 31 December 2022 to approximately RMB649.3 million as of 30 June 2023, primarily due to the increase in trade receivables as a result of the expansion of city services. Total current liabilities increased by approximately 10% from approximately RMB371.9 million as of 31 December 2022 to approximately RMB409.1 million as of 30 June 2023, primarily due to the increase in trade payables as a result of the expansion of city services. As a result, the Group's net current assets increased by approximately 15.4% from approximately RMB208.1 million as of 31 December 2022 to approximately RMB240.2 million as of 30 June 2023.

LIQUIDITY AND CAPITAL RESOURCES

The Group's main source of liquidity mainly came from cash flow from operations and interest-bearing borrowings. As of 30 June 2023, cash and cash equivalents of the Group amounted to approximately RMB311.8 million, of which RMB136.9 million was denominated in RMB and HK$189.7 million (equivalent to approximately RMB174.9 million) was denominated in Hong Kong dollars (31 December 2022: approximately RMB350.9 million, of which RMB157.2 million was denominated in RMB and HK$216.9 million was denominated in Hong Kong dollars).

Bank Borrowings

As of 30 June 2023, interest-bearing bank loans of the Group amounted to approximately RMB119.1 million (31 December 2022: approximately RMB122.5 million), all of the Group's borrowings were denominated in Renminbi and carried at fixed rates.

The following table sets forth the components of the Group's borrowings as of the dates indicated:

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Current		
— Current portion of long-term bank loans — secured	**11,250**	11,250
Non-current		
— Bank loans — secured	**107,813**	111,250
Total	**119,063**	122,500

The table below sets forth a repayment schedule of the interest-bearing bank loans as of the dates indicated:

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Repayable within one year or on demand	**11,250**	11,250
Repayable within two to five years, inclusive	**99,813**	78,250
Beyond five years	**8,000**	33,000
Total	**119,063**	122,500

Other Liabilities

As of 30 June 2023, the Group recorded other liabilities of approximately RMB172.5 million (31 December 2022: approximately RMB171.0 million). Other liabilities arose from an earmarked governmental loan granted by the Suzhou Finance Bureau to Suzhou Xingang Municipal Greening Service Co., Ltd.* (蘇州新港市政綠化服務有限公司), a subsidiary of the Company, with nominal value of RMB200.0 million, an annual nominal interest rate of 3.37% payable semiannually and a maturity date on 27 February 2030 to facilitate the construction of waste collection centres.

Pledge of Assets

As of 30 June 2023, the Group's bank loan of approximately RMB119.1 million were secured by certain investment properties and buildings of the Group with an aggregated carrying value of RMB56.2 million (31 December 2022: approximately RMB122.5 million with an aggregated carrying value of RMB57.2 million).

Gearing Ratio

Gearing ratio is calculated based on total bank loans and other liabilities divided by total equity as of the end of that period. The Group's gearing ratio for the six months ended 30 June 2023 was 37.1% (31 December 2022: 38.4%).

Contingent Liabilities

As of 30 June 2023, the Group did not have any outstanding material contingent liabilities (31 December 2022: nil).

Capital Expenditures

The Group's capital expenditure primarily represented expenditures incurred for purchase of property, plant and equipment and additions to leasehold land. During the six months ended 30 June 2023, the Group incurred capital expenditures of approximately RMB41.4 million (31 December 2022: RMB57.4 million).

MARKET RISK ANALYSIS

The Group's major financial instruments include bank loans, finance leases, other liabilities, which primarily consist of government bonds and cash and time deposits. The risks associated with these financial instruments include credit risk and liquidity risk. The Directors manage and monitor these exposures to ensure that appropriate measures are implemented in a timely and effective manner.

Credit Risk

The Group enters into transactions only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is insignificant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Group's head of credit control.

Liquidity Risk

The Group manages its exposure to liquidity risk primarily by monitoring current ratio. The objective of the Group is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans. The Group's policy is that all the borrowings should be approved by the chief financial officer of the Company.

Foreign Exchange Risk

The Group's operations are primarily conducted in RMB, which is the functional currency of the Group. Material fluctuations in the exchange rate of the RMB against the Hong Kong dollar may negatively impact the value and amount of any dividends payable on the shares of the Company. Currently, the Group does not implement any foreign currency hedging policy and the management of the Group will closely monitor any exposure to foreign exchange.

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

Disposal of SND Yiyang and Suzhou Huirong

As the Company is a state-controlled listed company, any disposal of its state-owned property right is required to undergo the process of public tender through a qualified equity exchange organization in accordance with the regulations concerning the disposal of state-owned property right.

SND Yiyang

On 24 March 2023, the Company proposed to dispose of the 49% equity interest in SND Yiyang (the "**Yiyang Disposal**") held by it through public tender at the Suzhou Exchange Centre. Upon completion of the process of the public tender, Suzhou High-tech Health Industry Development (Suzhou) Co., Ltd.* (蘇高新健康產業發展(蘇州)有限公司) (the "**Yiyang Purchaser**") was the successful bidder and the final bid price was RMB5,808,100.

On 7 June 2023, the Company entered into an asset transaction agreement with the Yiyang Purchaser in relation to the Yiyang Disposal. The Yiyang Purchaser is an indirect non-wholly owned subsidiary of Suzhou Sugaoxin Group Co., Ltd.* (蘇州蘇高新集團有限公司) ("**SND Company**"), a controlling shareholder of the Company. The Yiyang Purchaser is therefore a connected person of the Company and the Yiyang Disposal constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the Company invested in SND Yiyang, the operating conditions of SND Yiyang have not met expectations and continued to incur losses for years 2021 and 2022. There is uncertainty about the future operating conditions of SND Yiyang. The Company considers that the Yiyang Disposal will provide cash inflow to the Company and enable it to focus on the development of its principal businesses, which will be beneficial to the overall development of the Group. For details, please refer to the announcements of the Company dated 24 March 2023 and 7 June 2023, respectively.

As at the date of this announcement, the Yiyang Disposal has not been completed and upon completion, the Company will cease to hold any equity interest in SND Yiyang.

Suzhou Huirong

On 15 June 2023, the Company proposed to dispose of the 3.167% equity interest in Suzhou Huirong (the "**Huirong Disposal**") held by it through public tender at the Suzhou Exchange Centre. Upon completion of the process of the public tender, Suzhou Jianrong Group Co., Ltd* (蘇州建融集團有限公司) (the "**Huirong Purchaser**") was the successful bidder and the final bid price was RMB60,302,500.

On 3 August 2023, Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司)("**Golden Lion**"), a direct wholly-owned subsidiary of the Company (as vendor) entered into an asset transaction agreement with the Huirong Purchaser in relation to the Huirong Disposal. The Huirong Purchaser is a direct non-wholly owned subsidiary of SND Company, a controlling shareholder of the Company. The Huirong Purchaser is therefore a connected person of the Company and the Huirong Disposal constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. It also constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Since the Group's investment in Suzhou Huirong in 2012, the Group has not received any dividend from Suzhou Huirong. In 2022, Suzhou Huirong even recorded a substantial operating loss as a result of its compliance with the local government's rent relief policy in response to the COVID-19 pandemic. In view of the past performance of Suzhou Huirong and the investment return in connection with Group's investment in Suzhou Huirong, the Group intends to recoup its investment towards Suzhou Huirong through the proposed disposal and re-deploy its resources to the development of the Group's principal business. For details, please refer to the announcements of the Company dated 15 June 2023 and 3 August 2023, respectively.

As at the date of this announcement, the Huirong Disposal has not been completed and upon completion, the Company will cease to hold any equity interest in Suzhou Huirong.

Save as disclosed above, the Company did not have any other significant investment or significant acquisition of subsidiaries, associates and joint ventures during the six months ended 30 June 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As disclosed in the announcement of the Company dated 27 April 2023, the Company intends to purchase an office building in Hong Kong partly for own use and partly for leasing which serves as the Company's tangible platform in Hong Kong. The Company believes having a physical presence in Hong Kong will help strengthen further in-depth cooperation with companies in Hong Kong, which is in line the Company's future development strategy to transform, upgrade, expand and deepen its property leasing business in Hong Kong. As at the date of this announcement, the Group is still identifying suitable office building and no agreement has been entered into by the Company.

Save as disclosed above, as at 30 June 2023, the Company did not have any future plans for material investments or additions of capital assets.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Acquisition of Sutong Kejia and Runjia

Sutong Kejia

On 26 July 2023, the Company submitted a bid for the proposed acquisition of 100% equity interest in Suzhou Sutong Kejia Electromechanical Engineering Co., Ltd.* (蘇州蘇銅科嘉機電工程有限公司) ("**Sutong Kejia**") through public tender at the Suzhou Exchange Centre. On 10 August 2023, Golden Lion (as purchaser) and Suzhou Gaoxin Zhitai Innovation Development Co., Ltd.* (蘇州高新智泰創新發展有限公司) ("**Zhitai**") (as vendor) entered into an asset transfer agreement pursuant to which Golden Lion has agreed to acquire, and Zhitai has agreed to dispose of, 100% equity interest in Sutong Kejia at the final bid price of RMB1 (the "**Kejia Acquisition**"). According to the valuation of the sale equity by an independent valuer as at 31 December 2022, the appraised value of the sale equity amounted to the net liabilities of Sutong Kejia of approximately RMB13.97 million based on the asset-based approach.

For details, please refer to the announcements of the Company dated 26 July 2023 and 10 August 2023.

Runjia

On 26 July 2023, the Company submitted a bid for the proposed acquisition of 100% equity interest in Suzhou Runjia Engineering Co., Ltd.* (蘇州潤嘉工程有限公司) ("**Runjia**") through public tender at the Suzhou Exchange Centre. On 10 August 2023, Golden Lion (as purchaser), entered into (i) an asset transfer agreement with Zhitai pursuant to which Golden Lion has agreed to acquire, and Zhitai has agreed to dispose of, 49% equity interest in Runjia at the consideration of RMB2,053,500; and (ii) an asset transfer agreement with Suzhou High Tech Zone Water Supply Co., Ltd.* (蘇州高新區自來水有限公司) ("**Suzhou Water Supply Co**") pursuant to which Golden Lion has agreed to acquire, and Suzhou Water Supply Co has agreed to dispose of, 51% equity interest in Runjia at the consideration of RMB2,137,300, where (i) and (ii) totalled at the final bid price of RMB4,190,800 (the "**Runjia Acquisition**"), which was determined with reference to the valuation of the sale equity by an independent valuer as at 31 December 2022 based on the asset-based approach.

Upon completion of the Runjia Acquisition, Runjia will enter into a services procurement framework agreement with Suzhou Water Supply Co, pursuant to which Runjia will provide the (i) facility and water supply maintenance services; and (ii) water plant sanitation, water purification and sludge drying services to Suzhou Water Supply Co for a term commencing from the date thereof to 31 December 2025.

For details, please refer to the announcements of the Company dated 26 July 2023 and 10 August 2023.

Save as disclosed above, there were no material events undertaken by the Group subsequent to 30 June 2023 and up to the date of this announcement.

PROCEEDS FROM LISTING

The Company raised net proceeds from the Global Offering in the amount of approximately HK$176.3 million (the "**Net Proceeds**"). The Company intends to utilise the Net Proceeds according to the plans set out in the section headed "Future Plans and Use of Proceeds" in the Company's prospectus dated 10 August 2022 and the announcement of the Company dated 27 April 2023 (the "**UOP Announcement**").

An analysis of the utilization of the Net Proceeds as at 30 June 2023 is set out below:

Proposed use of Net Proceeds		Planned use of Net Proceeds as set out in the Prospectus *(HK$ million)*	Unutilised Net Proceeds as of 1 January 2023 *(HK$ million)*	Utilised Net Proceeds before change in use on 27 April 2023 *(HK$ million)*	Unutilised Net Proceeds before change in use on 27 April 2023 *(HK$ million)*	Unutilised Net Proceeds after the revised allocation as stated in the UOP Announcement *(HK$ million)*	Net Proceeds utilised during the six months ended 30 June 2023 *(HK$ million)*	Unutilised Net Proceeds as of 30 June 2023 *(HK$ million)*	Expected time of full utilisation
Major categories	**Sub-categories/Specific plans**								
Acquisitions	Acquisitions of other property management companies and companies providing city services and property management services	52.9	52.9	2.86	50.04	50.04	3.85	49.05	By 31 December 2024
	Acquisition of office building in Hong Kong for own use and leasing	Nil	Nil	Nil	Nil	52.9	0	52.9	By 31 December 2023
Strategic Investments	Investments in waste collection centers and companies providing operational and management services to waste collection centers	52.9	52.9	0	52.9	14.1	0	14.1	By 31 December 2024
Expansion and diversification of value-added services	Establishment of the Group's own brand "Suxin Leju (蘇新樂居)" and launch of apartment management and operational services for housing for talents	26.4	26.4	0*	26.4*	26.4*	0*	26.4	By 31 December 2024
	Investments in companies providing elderly care, nursing and medical services	14.1	14.1	0	14.1	Nil	Nil	Nil	N/A
Technological investment	Investments in the Group's Technologies and Intelligent Operations	7.1	7.1	0.69	6.41	6.41	0.81	6.29	By 31 December 2024
Talent Training and Retention		5.3	5.3	0.29	5.01	5.01	0.3	5.0	By 31 December 2024
Working capital and other general corporate purposes		17.6	16.71	14.29	3.31	3.31	16.71	0	By 31 December 2024
	Total	176.30	175.41	18.13	158.17	158.17	21.67	153.74	

* According to the UOP Announcement, an amount of HK$5.7 million reserved for payment for "establishment of the Group's own brand "Suxin Leju (蘇新樂居)" and launch of apartment management and operational services for housing for talents" was classified as utilized Net Proceeds as the Group had contractual payment obligation pursuant to the relevant agreement. However, such agreement was terminated subsequently and the Group was released from such payment obligation. Accordingly, as at 30 June 2023, the utilized Net Proceeds in respect of such purpose should be nil and the unutilized Net Proceeds available for such allocation should increase from HK$20.7 million as disclosed in the UOP Announcement to HK$26.4 million as re-stated in this announcement.

The expected timeline for the usage of the remaining Net Proceeds is made based on the best estimate of the Group's future market conditions, which is subject to the current and future development of the market conditions.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2023, the Group had a total of 1,721 full-time employees (31 December 2022: 1,226). For the six months ended 30 June 2023, the staff cost recognised as expenses of the Group amounted to approximately RMB82.6 million (30 June 2022: approximately RMB71.2 million).

The Group believes that the expertise, experience and professional development of its employees contributes to its growth. The Group proactively recruits skilled and qualified personnel with relevant working experience in property management to support the sustainable growth of business. The remuneration package of employees of the Group includes salary and bonus, which are generally based on their qualifications, industry experience, position and performance. In addition, the Group provides training programs regularly and across management levels, in compatible with practical needs, covering key areas in its business operations, including but not limited to corporate culture and policies, technical knowledge required for certain positions, leadership skills and general knowledge about the nature of the Group's services.

As of 30 June 2023, there was no share incentive schemes of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company aims to achieve high standards of corporate governance which are crucial to the development of the Group and would safeguard the interests of the Company's shareholders. During the six months ended 30 June 2023, the Company has applied the principles of good corporate governance and complied with the code provisions set out in Part 2 of the Corporate Governance Code (the "**Corporate Governance Code**") as contained in Appendix 14 to the Listing Rules, save for the deviation from code provision C.2.1 as disclosed below:

The roles of the chairman and the chief executive officer of the Company have not been separated as required by code provision C.2.1 of the Corporate Governance Code. The roles of the chairman and general manager of the Company are both performed by Mr. Cui Xiaodong, an executive Director. The Board believes that vesting the roles of both chairman and general manager in the same individual enables the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Cui Xiaodong's extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group that Mr. Cui Xiaodong continues to act as the chairman and general manager of the Group, and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors, non-executive Directors and independent non-executive Directors.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct for dealings in the securities of the Company by the Directors and supervisors of the Company.

Specific enquiry has been made to all the Directors and the supervisors of the Company and they have confirmed that they have complied with the Model Code during the six months ended 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2023.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises three members namely, Ms. Li Xin (a non-executive Director), Ms. Xin Zhu and Mr. Liu Xin (both are independent non-executive Directors), with Ms. Xin Zhu being the chairlady of the Audit Committee.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023, including the applicable accounting policies and accounting standards adopted by the Group, and considers that such statements have been prepared in compliance with the applicable Listing Rules.

The financial information set out in this announcement represents an extract from the interim condensed consolidated financial information for the six months ended 30 June 2023, which is unaudited but has been reviewed by the auditor of the Company, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS AND 2023 INTERIM REPORT

This announcement is published on the websites of the Company (www.suxinfuwu.com) and the Stock Exchange (http://www.hkexnews.hk). The 2023 interim report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange in due course.

By order of the Board
Suxin Joyful Life Services Co., Ltd.
Mr. Cui Xiaodong
Chairman

Hong Kong, 28 August 2023

As at the date of this announcement, the Board comprises Mr. Cui Xiaodong, Mr. Zhou Jun and Ms. Zhou Lijuan as executive Directors; Ms. Li Xin, Mr. Cao Bin and Mr. Zhang Jun as non-executive Directors; Ms. Zhou Yun, Ms. Xin Zhu and Mr. Liu Xin as independent non-executive Directors.