Ye Xing Group Holdings Limited
燁星集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1941)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

2023 RESULTS HIGHLIGHTS

- For the year ended 31 December 2023, the Group's total revenue was approximately RMB341.4 million, representing a slight decrease of approximately RMB2.1 million or about 0.6% as compared to that of approximately RMB343.5 million for the year ended 31 December 2022. For the year ended 31 December 2023, revenue generated from property management services, property developer related services and value-added services contributed 84.9%, 2.8% and 12.3% to the total revenue, respectively.

- The revenue generated from property management services segment decreased slightly by approximately RMB0.3 million, or about 0.1% as compared to that in 2022. The revenue-bearing GFA increased by approximately 0.5 million sq.m. to a total of 12.9 million sq.m..

- The revenue generated from property developer related services decreased by approximately RMB9.1 million, or about 48.4% to approximately RMB9.7 million year on year.

- The revenue generated from value-added services increased by approximately RMB7.4 million, or about 21.4% to approximately RMB41.9 million year on year.

- The loss and total comprehensive loss for the year amounted to approximately RMB13.7 million (2022: approximately RMB51.9 million).

The Board announces the audited consolidated results of the Group for the year ended 31 December 2023, with comparative figures for the year ended 31 December 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	NOTES	2023 RMB'000	2022 RMB'000
Revenue	4	**341,405**	343,498
Cost of services		**(279,712)**	(276,475)
Gross profit		**61,693**	67,023
Other income	5(a)	**2,137**	2,965
Other gains or losses, net	5(b)	**(59)**	2,088
Administrative expenses		**(49,332)**	(49,167)
Impairment loss of trade and other receivables, net	11	**(5,775)**	(38,420)
Impairment loss of amounts due from related parties	12	**(18,893)**	(38,579)
Selling expenses		**(3,818)**	(1,892)
Interests on lease liabilities		**(8)**	(39)
Loss before tax	7	**(14,055)**	(56,021)
Income tax credit	6	**309**	4,149
Loss and total comprehensive loss for the year		**(13,746)**	(51,872)
Loss and total comprehensive loss for the year attributable to:			
– Owners of the Company		**(14,048)**	(51,909)
– Non-controlling interests		**302**	37
		(13,746)	(51,872)
Loss per share *(RMB cent)*			
– Basic	8	**(3.47)**	(12.81)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	NOTES	**2023** **RMB'000**	2022 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**37,238**	41,741
Intangible assets		**12,643**	15,754
Deferred tax assets		**19,298**	13,019
Right-of-use assets		**37,296**	898
Goodwill		**29,709**	29,709
		136,184	101,121
CURRENT ASSETS			
Properties held for sale	10	**5,338**	6,562
Trade and other receivables	11	**95,086**	86,447
Amounts due from related parties	12	**61,585**	82,524
Tax recoverable		**1,201**	4,380
Bank balances and cash		**140,090**	135,219
		303,300	315,132
CURRENT LIABILITIES			
Trade and other payables	13(a)	**115,645**	126,423
Contract liabilities	13(b)	**80,834**	69,141
Lease liabilities		**59**	60
Tax liabilities		**3,965**	4,161
		200,503	199,785
NET CURRENT ASSETS		**102,797**	115,347
TOTAL ASSETS LESS CURRENT LIABILITIES		**238,981**	216,468
NON-CURRENT LIABILITIES			
Lease liabilities		**71**	130
Deferred tax liabilities		**3,036**	3,564
		3,107	3,694
NET ASSETS		**235,874**	212,774
CAPITAL AND RESERVES			
Share capital		**3,650**	3,650
Reserves		**231,268**	208,470
Total equity attributable to owners of the Company		**234,918**	212,120
Non-controlling interests		**956**	654
TOTAL EQUITY		**235,874**	212,774

NOTES TO THE CONSOLIDATED FIANACIAL STATEMENTS

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Cayman Islands Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) on 26 March 2019.

The Company's holding company is Ascendor Futur Holding Limited, which was incorporated as an exempted company with limited liability in the British Virgin Islands (the "**BVI**").

The shares of the Company have been listed on Main Board of The Stock Exchange of Hong Kong Limited on 13 March 2020.

The consolidated financial statements are presented in RMB, which is the same as the functional currency of the Company, and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKAS**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

(i) Adoption of new/revised HKFRSs – effective from 1 January 2023

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements:

HKFRS 17 and related amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and removed certain immaterial accounting policies.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The Group has applied the amendments for the first time in the current year retrospectively. The Group recognises a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with: (i) right-of-use assets and lease liabilities; and (ii) decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset; and recognises the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings at 1 January 2022.

However, there was no material impact on the consolidated statement of financial position because the balances qualify for offset under paragraph 74 of HKAS 12. There was also no material impact on the retained profits at 1 January 2022 as a result of the change. The key impact on the Group is related to the disclosure of components of deferred tax assets and liabilities recognised.

(ii) New/revised HKFRSs that have been issued but are not yet effective

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 and Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 Effective for annual periods beginning on or after a date to be determined

The Group is currently evaluating the potential impact of these standards on the consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for (i) property management services, (ii) property developer related services, and (iii) value-added services.

Information reported to the directors of the Company, being the chief operating decision maker (the "**CODM**") of the Group, for the purpose of resources allocation and assessment of segment performance focuses on the revenue analysis of each operating segment in the provision of property management services, property developer related services and value-added services of the Group. Other than the revenue analysis as set out below, no operating results and other discrete financial information including geographical location by operating segments relating to provision of property management services, property developer related services and value-added services is prepared regularly for internal reporting to the CODM for resources allocation and performance assessment.

No analysis of segment assets and segment liabilities is presented as this information is not regularly provided to the CODM for review.

Revenue from major services

	2023	2022
	RMB'000	*RMB'000*
Type of services		
Property management services	**289,885**	290,233
Property developer related services	**9,651**	18,773
Value-added services	**41,869**	34,492
	341,405	343,498

Information about major customers

There was no revenue from customers individually contributing over 10% of total revenue of the Group for the years ended 31 December 2023 and 2022.

5. OTHER INCOME AND OTHER GAINS OR LOSSES, NET

(a) Other income

	2023	2022
	RMB'000	*RMB'000*
Bank interest income	**1,155**	1,509
Value-add tax refund	**982**	1,456
	2,137	2,965

(b) Other gains or losses, net

	2023	2022
	RMB'000	*RMB'000*
Loss on disposal of property, plant and equipment	**(2)**	(12)
Government subsidy	**82**	1,238
Net exchange gain	**169**	1,115
Others	**(308)**	(253)
	(59)	2,088

6. INCOME TAX CREDIT

	2023	2022
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax ("**EIT**")	**6,498**	7,854
Deferred tax	**(6,807)**	(12,003)
	(309)	(4,149)

Under the Law of the People's Republic of China on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. During the year, certain subsidiaries of the Group was entitled to a preferential income tax rate of 20% (2022: 20%) for small and micro enterprises with the first RMB1 million of annual taxable income eligible for 75% (2022: 75%) reduction and the income between RMB1 million and RMB3 million eligible for 75% (2022: 75%) reduction.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong for the years ended 31 December 2023 and 2022.

The Company and the group entity incorporated in the BVI are not subject to income tax in the Cayman Islands or any other jurisdiction.

7. LOSS BEFORE TAX

	2023	2022
	RMB'000	*RMB'000*
Loss before tax has been arrived at after charging:		
Auditor's remuneration		
– Audit services	**1,600**	1,600
– Other services	**760**	700
	2,360	2,300
Directors' emoluments	**2,821**	3,372
Other staff's salaries and other benefits	**110,183**	117,867
Other staff's contributions to retirement benefit scheme	**21,345**	18,817
Other staff's contributions to housing provident funds	**3,680**	3,883
Total staff costs	**138,029**	143,939
Depreciation for property, plant and equipment	**5,991**	6,762
Depreciation of right-of-use assets	**448**	267
Amortisation of intangible assets	**3,111**	3,112

8. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	2023	2022
	RMB'000	*RMB'000*
Loss for the year attributable to owners of the Company for the purposes of basic loss per share	**(14,048)**	(51,909)
	Number of shares	*Number of shares*
Weighted average number of ordinary shares for the purpose of basic loss per share	**405,310,000**	405,310,000

No diluted loss per share is presented for each of the years ended 31 December 2023 and 2022 as no potential ordinary shares were in issue during those years.

9. DIVIDENDS

No dividend was declared or paid by the Company for the years ended 31 December 2023 and 2022.

10. PROPERTIES HELD FOR SALE

Properties held for sale represent 157 (2022: 193) units of car parks acquired by the Group which are held for sale, they are initially stated at costs and subsequently carried at the lower of cost and net realisable value.

In prior years, the Group entered into several sole agency services agreements (the "**Agreements**") with a former fellow subsidiary (the "**Counterparty**"), pursuant to which the Group agreed to provide agency services to the Counterparty, by sourcing potential purchasers and providing assistance in entering into sales contracts with buyers with respect to unsold car park spaces and shops developed by the Counterparty (the "**Agency Services**").

Pursuant to the Agreements, the Group was required to pay the refundable deposits (the "**Refundable Deposits**") up to the total minimum sales price of the car park spaces and shops to be sold under the Agreements. Upon expiry or termination of the Agreements, the remaining sum of the Refundable Deposits in respect of unsold car park spaces and shops, if any, will be refunded to the Group in full.

Upon expiry of the Agreements, the Counterparty has not yet refunded the Refundable Deposits to the Group. During the year ended 31 December 2022, the Group purchased 232 units of the unsold car park spaces from the Counterparty at a consideration of approximately RMB7,888,000, which was offset with the Refundable Deposits.

11. TRADE AND OTHER RECEIVABLES

	Notes	**2023** ***RMB'000***	2022 *RMB'000*
Trade receivables		**91,826**	82,632
Less: allowance for credit losses		**(13,466)**	(13,915)
		78,360	68,717
Other receivables:			
Refundable Deposits	(a)	**–**	30,566
Deposits	(b)	**1,079**	435
Prepayments		**6,591**	8,684
Payments on behalf of residents	(c)	**2,949**	4,717
Advances to staff		**4,107**	2,322
Other tax recoverable		**312**	316
Others		**1,816**	1,440
Less: allowance for credit losses		**(128)**	(30,750)
		16,726	17,730
Total trade and other receivables		**95,086**	86,447

Notes:

(a) Refundable Deposits represent amount paid to the Counterparty as disclosed in Note 10.

In June 2022, the Counterparty provided an undertaking (the "**Undertaking**") to the Group, pursuant to which the Counterparty committed to refund the remaining balance of the Refundable Deposits of RMB30,566,000 to the Group by 30 September 2023. In addition, the Counterparty has guaranteed to obtain the Group's approval before selling certain assets (the "**Assets**"), proceeds from the sale of the Assets will be distributed to the Group with first priority. In case if the Counterparty is not able to refund the Refundable Deposits by 30 September 2023, the Assets will be transferred to the Group to offset with the Refundable Deposits.

On 17 February 2023, the Group was being informed that the Counterparty was in liquidation. For details, please refer to the Company's announcement dated 17 February 2023.

The Group engaged an external valuer to assess the expected credit loss ("**ECL**") on the Refundable Deposits and an allowance of RMB30,566,000 was made as at 31 December 2022, considered the maximum exposure to credit loss as the Counterparty is in liquidation.

On 26 September 2023, Hongkun Ruibang Property Management Company Limited ("**Hungkun Ruibang**") (an indirect wholly-owned subsidiary of the Company) entered into the transfer agreement (the "**Transfer Agreement**") with Beijing Ruihongda Enterprise Consulting Co., Ltd. ("**Beijing Ruihongda**"), pursuant to which Beijing Ruihongda agreed to transfer and Hongkun Ruibang agreed to acquire the right-of-use of a property (the "**Acquisition**") for a term commencing from the date of approval of the Transfer Agreement and the Acquisition contemplated thereunder by the Shareholders in accordance with the Listing Rules to 30 June 2041 at consideration of approximately RMB36,846,000, which will be settled in full by way of set-off against (i) the total amount of outstanding Refundable Deposits owed by the Counterparty to Beijing Hongkun Ruibang Property Management Company Limited Wuxi Branch as at the date of the Transfer Agreement; and (ii) the total amount of outstanding trade receivables owed by the Counterparty to the Group as at the date of the Transfer Agreement.

Pursuant to the extraordinary general meeting held on 6 December 2023, the Acquisition was approved and completed on the same date.

Please also refer to the Company's announcements dated 26 September 2023 and 6 December 2023, and the circular of the Company dated 20 November 2023 for further details.

(b) The amounts represented the deposits paid for staff quarters, point of sales machines and tendering activities. The deposits are refundable in the next twelve months at each of the end of the reporting period and therefore the amounts are classified as current assets.

(c) The amounts represented the amounts paid on behalf of residents to the utilities service providers for the services provided.

Property management services income is generally required to be settled by property owners and property developers on the date upon issuance of demand note.

The Group generally grants a credit period of 30 days for its property developer related services and value-added services to its third parties.

The following is an ageing analysis of trade receivables, before the impairment allowance, presented based on the date of demand note issued:

	2023	2022
	RMB'000	*RMB'000*
0 to 60 days	**34,623**	32,029
61 to 180 days	**19,878**	17,229
181 to 365 days	**10,058**	14,349
1 to 2 years	**18,189**	6,851
2 to 3 years	**3,874**	9,978
Over 3 years	**5,204**	2,196
	91,826	82,632

12. AMOUNTS DUE FROM RELATED PARTIES

	2023	2022
	RMB'000	*RMB'000*
Trade nature		
Fellow subsidiaries *(Note (a))*	**119,057**	119,551
Less: allowance for credit losses *(Note (c))*	**(57,472)**	(38,162)
	61,585	81,389
Non-trade nature		
Fellow subsidiaries *(Note (b))*	**–**	1,552
Less: allowance for credit losses *(Note (c))*	**–**	(417)
	–	1,135
Total	**61,585**	82,524

Notes:

(a) The Group generally grants a credit period of 30 days for its property developer related services and value-added services to its related parties and no credit term granted to related parties for its provision of property management services in which such income is generally required to be settled upon the date of issuance of demand note.

(b) The balances were unsecured, interest-free and repayable on demand.

(c) The Group applies the general approach to measure the ECL of receivables from related parties. Under the general approach, receivables from related parties are categorised into the following three stages based on the change in credit risk since initial recognition: Stage 1: 12-month ECL, Stage 2: Lifetime ECL – not credit impaired and Stage 3: Lifetime – credit-impaired.

For amounts classified as Stages 1 and 2, the management assesses loss allowances using the risk parameter modelling approach that incorporates key parameters, including probability of default and loss given default and exposure at default. For credit-impaired assets classified as Stage 3, the management assesses the credit loss allowances by estimating the future cash flows expected to arise from the financial assets.

On 11 and 12 May 2022, Beijing Hongkun Weiye Real Estate Development Company Limited ("**Hongkun Weiye**"), the holding company of the related parties, announced that 14.75% of its guaranteed senior notes was in default in payment of the accrued interest. On the other hand, the default in payment of interest triggered the default of three other bonds issued by Hongkun Weiye. Up to the date of this announcement, Hongkun Weiye had not reached any settlement agreement with the bond/note holders. As a result of the above events, the Group considered that the risk of default by Hongkun Weiye increased and classified as Stage 2.

Movement in the loss allowances are set out below:

Trade nature

	2023	2022
	RMB'000	*RMB'000*
At 1 January	**38,162**	–
Impairment loss provided	**19,310**	38,162
At 31 December	**57,472**	38,162

Non-trade nature

	2023	2022
	RMB'000	*RMB'000*
At 1 January	**417**	–
Impairment loss written back	**(417)**	417
At 31 December	**–**	417

The following is an aging analysis of trade amounts due from related parties presented based on date of demand note:

	2023	2022
	RMB'000	*RMB'000*
0 to 60 days	**4,703**	7,036
61 to 180 days	**1,654**	11,800
181 to 365 days	**4,004**	10,775
1 to 2 years	**28,851**	49,276
2 to 3 years	**47,482**	32,375
Over 3 years	**32,363**	8,289
	119,057	119,551

13. TRADE AND OTHER PAYABLES

(a) Trade and other payables

	Notes	2023 RMB'000	2022 RMB'000
Trade payables		**37,792**	43,852
Other payables:			
Receipts on behalf of residents	(a)	**9,782**	10,453
Deposits received	(b)	**35,780**	36,358
Accrued staff costs		**18,812**	21,064
Accrued contribution to social insurance and housing provident funds		**6,474**	6,547
Other tax payables		**3,457**	5,396
Accrued expenses		**2,507**	1,851
Other payables		**1,041**	902
Total other payables		**77,853**	82,571
Total trade and other payables		**115,645**	126,423

Notes:

(a) The balances represented the receipts on behalf of community residents to settle the utilities bills from utilities suppliers.

(b) The balances mainly represented by the utility received from the property-owners and residents. The deposits received are repayable on demand and accordingly the amounts are classified as current liabilities.

The following is an ageing analysis of trade payables presented based on the invoice date at the end of each reporting period:

	2023 RMB'000	2022 RMB'000
Within 1 year	**28,621**	39,421
1–2 years	**6,351**	4,219
2–3 years	**2,685**	39
Over 3 years	**135**	173
	37,792	43,852

(b) Contract liabilities

The contract liabilities represent the advance from customers for property management services, property developer related services and value-added services. The payment terms vary and depend on the terms of the Group's property management services contracts.

When the Group receives advanced consideration from customers before the property management service activities commence, this will give rise to contract liabilities, until the revenue recognised on relevant contract upon provision of property management services.

All contract liabilities are expected to be recognised as revenue within one year.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business Overview

The Group is a reputable property management service provider offering comprehensive property management and related services for residential and non-residential properties in the PRC. Its parent group, Hongkun Group, is a leading property developer in the Beijing-Tianjin-Hebei Region and has been ranked among the Top 100 Property Developers in the PRC* (中國房地產開發企業百強). The Group had been ranked one of the Top 100 Property Management Companies in the PRC* (中國物業服務百強企業) by China Index Academy* (中國指數研究院) for six consecutive years since 2016. Through upholding the Group's service philosophy of "creating an enjoyable living environment (讓人們住得開心)" and the dedication to the Group's core values of "friendliness, persistence, innovation and excellence" in delivering its services, the Group envisions to become an outstanding property management service provider in the PRC. As at 31 December 2023, the Group provided property management services to properties spanning across 17 cities in the Beijing-Tianjin-Hebei Region, Hainan Province, Hubei Province, Anhui Province, Jiangsu Province and Guangdong Province, managing a total revenue-bearing GFA of approximately 12.9 million sq.m., comprising 59 residential properties (with over 95,000 units in total) and 17 non-residential properties.

In 2023, the Company achieved a revenue of approximately RMB341.4 million, a slight decrease of about 0.6% year on year; realized gross profit of approximately RMB61.7 million, a slight decrease of about 7.9% year on year. The loss and total comprehensive loss for the year amounted to approximately RMB13.7 million. The gross profit margin in 2023 was 18.1%, representing a decrease of 1.4 percentage points as compared with 2022.

As of the end of 2023, the Group's contracted GFA was approximately 15.9 million sq.m., and the total revenue-bearing GFA under management exceeded 12.9 million sq.m., representing an increase of 6.0% and 4.0%, respectively, as compared with 2022; the number of the Company's managed residential property projects was 59, with a total revenue-bearing GFA of approximately 12.0 million sq.m., accounting for 93.3% of the total revenue-bearing GFA; the number of the Company's managed non-residential property projects was 17, with a total revenue-bearing GFA of approximately 0.9 million sq.m., accounting for 6.7% of the total revenue-bearing GFA.

The table below sets forth our (i) contracted GFA; (ii) revenue-bearing GFA; and (iii) number of properties under our management in relation to the properties for which we had commenced our provision of property management services, as at the dates indicated:

	As at 31 December	
	2023	2022
Residential Properties		
Contracted GFA *('000 sq.m.) (Note)*	**13,746**	13,208
Revenue-bearing GFA *('000 sq.m.)*	**12,013**	11,205
Number of properties managed	**59**	56
Non-residential Properties		
Contracted GFA *('000 sq.m.) (Note)*	**2,109**	1,743
Revenue-bearing GFA *('000 sq.m.)*	**859**	1,214
Number of properties managed	**17**	19
Total		
Contracted GFA *('000 sq.m.) (Note)*	**15,855**	14,951
Revenue-bearing GFA *('000 sq.m.)*	**12,872**	12,419
Number of properties managed	**76**	75

Note: Contracted GFA refers to the total GFA managed and the total GFA to be managed by the Group under signed property management service agreements.

Future Outlook

As the epidemic has passed, the property management industry is gradually returning to organic development. Our Group has never forgotten our vision to provide quality service and life, and firmly move forward in times of economic uncertainty.

Adhering to own Business and Expanding Territory

The current industry is facing a situation of multiple businesses, irregularity, uncertainty, and complexity. We will concentrate resources to deeply cultivate the existing markets and achieve stable growth. In 2023, the Group successfully signed contracts for projects such as Beijing Ideal Home Phase 4 and Phase 5, focused on cities through a centralized strategy, continuously increased the density of single city projects, and effectively reduced costs and improved efficiency.

At the same time, our Group actively seeks diversified expansion and successfully signed contracts for property projects such as Chengdu Metro and Tianjin Weicai Kindergarten during the year. This has also achieved dual breakthroughs in urban operation and education industry layout, laying a solid foundation for the Company's healthy development.

Quality Deeply Cultivating and Foundation Strengthening

Adhering to the service concept of "creating an enjoyable living environment", our Group always adheres to the customer centric approach and continuously promotes the service of "standardized operation + professional service + market-oriented development".

In 2023, our Group reiterated our "family service system". Starting from the entire living cycle of residents, covering 16 major categories of services, with the design of a total of 101 service details, covering every bit of life from the four stages of being prospective property owners, adaptation period, stability period, and being mature property owners. We always take care of every member of a family with a cumulative and persistent attitude and a caring approach.

Value Co-creation for the Benefits of Community

While promoting high-quality and stable development, our Group has always regarded fulfilling social responsibility as an important part of sustainable development, actively promoted a green and low carbon lifestyle. We have orderly carried out waste recycling and waste classification work in each project, promoting the green transformation of development methods. At the same time, we will continue to pay attention to social public welfare issues, carry out public welfare activities, implement the concept of green development through practical actions, and promote the construction of green civilization.

Keeping the Original Intention and Striving for the Future

Looking ahead to 2024, our Group will draw the blueprint to the end with more enthusiasm, high fighting spirit, and pragmatic style, create new achievements that are worthy to the enterprise and oneself, strive for progress and excellence, and complete the pre-determined annual goals and tasks with excellence. Our Group will continue to regard quality as the primary force, continuously expand service boundaries, integrate more space and formats, explore new development paths and growth points, achieve high-quality and sustainable development, and continuously create value for the society.

FINANCIAL REVIEW

Results of Operations

The Group's revenue was mainly derived from property management services, property developer related services and value-added services. For the year ended 31 December 2023, the Group's total revenue was approximately RMB341.4 million, representing a slight decrease of approximately RMB2.1 million or approximately 0.6% as compared to that of approximately RMB343.5 million for the year ended 31 December 2022. For the year ended 31 December 2023, the revenue generated from property management services, property developer related services and value-added services contributed 84.9%, 2.8% and 12.3% to the total revenue, respectively.

The following table sets forth a breakdown of our revenue by type of services for the periods indicated:

	Year ended 31 December			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Property management services	**289,885**	**84.9**	290,233	84.5
Property developer related services	**9,651**	**2.8**	18,773	5.5
Value-added services	**41,869**	**12.3**	34,492	10.0
Total	**341,405**	**100.0**	343,498	100.0

Property Management Services

The revenue generated from property management services decreased slightly by approximately RMB0.3 million, or about 0.1% year on year. Revenue generated from residential properties increased slightly by approximately RMB5.4 million or approximately 2.3%, mainly due to (i) the fully reflected contribution of property management fees from those residential properties delivered in the second half of 2022; and (ii) 5 newly delivered residential properties during the year, which generated a total revenue of approximately RMB2.9 million. Revenue generated from non-residential properties decreased by approximately RMB5.7 million or approximately 10.3%, primarily because 4 non-residential properties were newly acquired during the year; the service agreements of 6 non-residential properties expired during the year but not extended by us in order to optimize our properties portfolio under management. The GFA under management increased from approximately 12.4 million sq.m. as at 31 December 2022 to approximately 12.9 million sq.m. as at 31 December 2023.

The following table sets forth a breakdown of our total revenue-bearing GFA and our revenue derived from the property management services by type of properties as at the dates indicated and for the periods indicated:

	As at/Year ended 31 December							
	2023				2022			
	Revenue-bearing GFA		**Revenue**		Revenue-bearing GFA		Revenue	
	'000 sq.m.	***%***	***RMB'000***	***%***	*'000 sq.m.*	*%*	*RMB'000*	*%*
Residential properties	**12,013**	**93.3**	**240,028**	**82.8**	11,204	90.2	234,597	80.8
Non-residential properties	**859**	**6.7**	**49,857**	**17.2**	1,215	9.8	55,636	19.2
	12,872	**100.0**	**289,885**	**100.0**	12,419	100.0	290,233	100.0

The following table sets forth a breakdown of our total revenue-bearing GFA and our revenue derived from property management services by type of property developers as at the dates indicated and for the periods indicated:

	As at/Year ended 31 December							
	2023				2022			
	Revenue-bearing GFA		**Revenue**		Revenue-bearing GFA		Revenue	
	'000 sq.m.	***%***	***RMB'000***	***%***	*'000 sq.m.*	*%*	*RMB'000*	*%*
Hongkun Group	**10,195**	**79.2**	**259,931**	**89.7**	9,447	76.1	258,088	88.9
Third party property developers	**2,677**	**20.8**	**29,954**	**10.3**	2,972	23.9	32,145	11.1
	12,872	**100.0**	**289,885**	**100.0**	12,419	100.0	290,233	100.0

The following table sets forth a breakdown of our total revenue-bearing GFA and our revenue derived from property management services by geographic coverage as at the dates indicated and for the periods indicated:

	As at/Year ended 31 December							
	2023				2022			
	Revenue-bearing GFA		**Revenue**		Revenue-bearing GFA		Revenue	
	'000 sq.m.	***%***	***RMB'000***	***%***	*'000 sq.m.*	*%*	*RMB'000*	*%*
Beijing	**2,552**	**19.9**	**93,164**	**32.1**	2,776	22.4	98,752	34.0
Tianjin	**1,767**	**13.7**	**52,807**	**18.2**	1,487	12.0	45,648	15.7
Hebei Province	**4,061**	**31.5**	**80,574**	**27.8**	3,519	28.3	78,912	27.2
Beijing-Tianjin-Hebei Region	**8,380**	**65.1**	**226,545**	**78.1**	7,782	62.7	223,312	76.9
Hainan Province	**596**	**4.6**	**9,424**	**3.3**	594	4.8	9,131	3.2
Hubei Province	**784**	**6.1**	**19,419**	**6.7**	784	6.3	16,816	5.8
Shaanxi Province	**–**	**–**	**–**	**–**	42	0.3	2,704	0.9
Anhui Province	**379**	**2.9**	**2,899**	**1.0**	379	3.1	5,620	1.9
Jiangsu Province	**2,716**	**21.2**	**29,838**	**10.3**	2,713	21.8	30,289	10.5
Shanghai	**–**	**–**	**710**	**0.2**	92	0.7	1,537	0.5
Jiangxi Province	**–**	**–**	**–**	**–**	21	0.2	362	0.1
Guangdong Province	**17**	**0.1**	**1,050**	**0.4**	12	0.1	462	0.2
	12,872	**100.0**	**289,885**	**100.0**	12,419	100.0	290,233	100.0

Property Developer Related Services

Due to the downturn of China's real estate market, the revenue generated from property developer related services decreased by approximately RMB9.1 million or about 48.4% from approximately RMB18.8 million for the year ended 31 December 2022 to approximately RMB9.7 million for the year ended 31 December 2023.

The following table sets forth a breakdown of the number of property developer related services projects and our revenue derived from property developer related services by geographic coverage as at the dates indicated and for the periods indicated:

	As at/Year ended 31 December					
	2023			2022		
	Number of projects	**Revenue**		Number of projects	Revenue	
		RMB'000	***%***		*RMB'000*	*%*
Beijing	**1**	**467**	**4.9**	2	273	1.5
Tianjin	**3**	**2,009**	**20.8**	6	5,510	29.4
Hebei Province	**8**	**5,293**	**54.8**	9	8,150	43.4
Beijing-Tianjin-Hebei Region	**12**	**7,769**	**80.5**	17	13,933	74.3
Hainan Province	**1**	**423**	**4.4**	1	823	4.4
Hubei Province	**1**	**360**	**3.7**	2	1,415	7.5
Anhui Province	**1**	**1,099**	**11.4**	1	2,014	10.7
Guangdong Province	**–**	**–**	**–**	1	588	3.1
	15	**9,651**	**100.0**	22	18,773	100.0

Value-added Services

The revenue generated from value-added services increased by approximately RMB7.4 million or about 21.4% from approximately RMB34.5 million for the year ended 31 December 2022 to approximately RMB41.9 million for the year ended 31 December 2023. The increase was mainly due to the increase in number of projects managed, and our Group has invested more resources including setting up a team to expand the value-added services.

The following table sets forth a breakdown of our revenue derived from our value-added services for the periods indicated:

	Year ended 31 December			
	2023		2022	
	Revenue		Revenue	
	RMB'000	***%***	*RMB'000*	*%*
Home living services *(Note 1)*	**19,407**	**46.4**	8,186	23.7
Leasing of common areas *(Note 2)*	**21,243**	**50.6**	25,019	72.6
Others	**1,219**	**3.0**	1,287	3.7
	41,869	**100.0**	34,492	100.0

Notes:

(1) Our home living services primarily included our collection of electricity tariffs, air-conditioning and heating fees, household repair and maintenance service provided to property owners and residents of our managed residential or non-residential properties.

(2) Our leasing of common areas primarily represented the leasing of certain common areas of our managed residential or non-residential properties to third-party services providers for setting up advertisement lightboxes, distilled water vending machines, screens in lifts and other facilities.

Cost of Services

Our cost of services primarily consist of (i) labour costs which arise mainly from the security, cleaning and gardening services; (ii) subcontracting costs; (iii) utility expenses; (iv) office expenses; and (v) maintenance costs.

Our cost of services increased by approximately 1.2% from approximately RMB276.5 million for the year ended 31 December 2022 to approximately RMB279.7 million for the year ended 31 December 2023. This increase was primarily attributable to (i) the continuous increase in number of our projects under management and total revenue-bearing GFA; and (ii) the increase in resource investment include setting up a team to develop the business of value-added services.

To maximise our cost and operational efficiency, we outsourced our cleaning, gardening, equipment maintenance, site security services and car park management to Independent Third Party subcontractors. We believe that the subcontracting arrangement allows us to leverage the resources and expertise of the subcontractors, reduce our operating costs, and enhance our overall efficiency and profitability.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2023, the gross profit of the Group was approximately RMB61.7 million, representing a decrease of approximately RMB5.3 million or approximately 7.9% as compared to approximately RMB67.0 million for the year ended 31 December 2022. The gross profit margin was 18.1% for the year ended 31 December 2023 and 19.5% for the year ended 31 December 2022. The decrease in gross profit margin was mainly due to the significant decrease of revenue from non-residential properties which had relatively high gross profit margin.

Selling Expenses and Administrative Expenses

Our selling and distribution expenses primarily consist of (i) promotional expenses; (ii) salaries and allowances for our sales personnel; and (iii) travelling and entertainment expenses. The total selling expenses of the Group for the year ended 31 December 2023 were approximately RMB3.8 million, representing an increase of approximately RMB1.9 million or approximately 100.0% as compared with approximately RMB1.9 million for the year ended 31 December 2022. The increase was primarily because more resources were allocated to sales team by the Company to expand our business.

Our administrative expenses primarily consist of (i) salaries and allowances for our administrative and management personnel in our headquarters; (ii) travelling expenses; (iii) professional fees; (iv) lease-related expenses; and (v) bank charges.

For the year ended 31 December 2023, the administrative expenses of the Group were approximately RMB49.3 million, representing a slight increase of approximately RMB0.1 million or approximately 0.2% as compared to approximately RMB49.2 million for the year ended 31 December 2022.

Other Income

For the year ended 31 December 2023, other income of the Group amounted to approximately RMB2.1 million, representing a decrease of approximately RMB0.9 million or about 30.0% as compared to that of approximately RMB3.0 million for the year ended 31 December 2022. The decrease was mainly because the bank interest income decreased by approximately RMB0.3 million or about 20.0% in 2023.

Impairment Loss of Trade and Other Receivables

For the year ended 31 December 2023, the impairment loss of trade and other receivables through profit or loss was approximately RMB5.8 million (2022: RMB38.4 million). The impairment loss for the year ended 31 December 2022 mainly included the impairment loss of trade and other receivables from Wuxi Yongqing Real Estate Company Limited* (無錫永慶房地產有限公司) ("**Wuxi Yongqing**").

In prior years, the Group entered into two sole agency services agreements (the "**Agency Services Agreements**") with Wuxi Yongqing, a former fellow subsidiary of the Company, pursuant to which the Group should provide agency services to Wuxi Yongqing for the lease/right-of-use transfer of car parking spaces and/or shops developed by Wuxi Yongqing. Pursuant to the Agency Services Agreements, the Group has paid refundable deposits to Wuxi Yongqing that were equivalent to the total base price of all the car parking spaces and/or shops (the "**Refundable Deposits**") to ensure its provision of agency services. Upon expiry of the Agency Services Agreements, Wuxi Yongqing should refund all the remaining balance of the Refundable Deposits in full to the Group. On 28 September 2021, Wuxi Yongqing ceased to be a fellow subsidiary of the Group.

Upon expiry of the Agency Services Agreements, Wuxi Yongqing has not yet refunded the outstanding Refundable Deposits to the Group. On 6 April 2022, Wuxi Yongqing transferred the right-of-use of 232 car parking spaces with a total value of RMB7,888,000 to the Group in partial settlement of the outstanding Refundable Deposits. In June 2022, Wuxi Yongqing provided an undertaking to the Group pursuant to which Wuxi Yongqing committed to refund the remaining balance of the Refundable Deposits to the Group by 30 September 2023. In addition, Wuxi Yongqing has guaranteed to obtain the Group's approval before selling certain assets (the "**Assets**"), proceeds from the sale of the Assets will be distributed to the Group with first priority. In case if Wuxi Yongqing is not able to refund the Refundable Deposits by 30 September 2023, the Assets will be transferred to the Group to offset with the Refundable Deposits. As at 31 December 2022, the (i) outstanding Refundable Deposits amounted to approximately RMB30.6 million, and (ii) other outstanding trade receivables owed by Wuxi Yongqing to the Group amounted to approximately RMB6.3 million (together, the "**Receivables from Wuxi Yongqing**").

On 17 February 2023, the Company became aware that according to a civil ruling (民事裁定書) issued by Xinwu District People's Court, Wuxi City, Jiangsu Province (江蘇省無錫市新吳區人民法院) (the "**Court**"), an application for the bankruptcy and liquidation of Wuxi Yongqing by its own creditor has been accepted by the Court (the "**Bankruptcy**"). Please refer to the announcement of the Company dated 17 February 2023 for further details.

In view of the Bankruptcy, the Board engaged CHFT Advisory and Appraisal Ltd, an independent valuer, to perform an impairment assessment on the Receivables from Wuxi Yongqing. According to the results of such impairment assessment, the Company has recorded an impairment loss of approximately RMB36.8 million, representing 100% of the Receivables from Wuxi Yongqing.

Such impairment assessment was performed with reference to expected credit loss model as required by HKFRS 9 – Financial Instruments, and under the key input that probability of default of Wuxi Yongqing is 100%, which is on the basis that the Bankruptcy took place.

Income Tax Credit

For the year ended 31 December 2023, the income tax credit of the Group was approximately RMB0.3 million (2022: approximately RMB4.1 million). The decrease in income tax credit was mainly due to the decrease in deferred tax arising from the impairment losses recognised during the year.

Loss for the Year

For the year ended 31 December 2023, the loss and total comprehensive loss of the Group was approximately RMB13.7 million (2022: approximately RMB51.9 million). The loss for the year was mainly due to the impairment loss of trade and other receivables and impairment loss of amounts due from related parties of approximately RMB24.7 million in total.

FINANCIAL POSITION

As at 31 December 2023, the total assets of the Group were approximately RMB439.5 million (as at 31 December 2022: approximately RMB416.3 million), and the total liabilities were approximately RMB203.6 million (as at 31 December 2022: approximately RMB203.5 million). As at 31 December 2023, the current ratio was 1.5 (as at 31 December 2022: 1.6).

As at 31 December 2023 and 31 December 2022, the Group had no outstanding bank borrowings and undrawn banking facilities.

The Board will continue to follow a prudent policy in managing the Group's cash and cash equivalents and maintain a strong liquidity position to ensure that the Group is able to take full advantage of future growth opportunities.

Property, Plant and Equipment

Our property, plant and equipment included (i) our building for our staff quarters; and (ii) our furniture, fixtures and equipment in our office premises and management offices and sites. Our property, plant and equipment was approximately RMB37.2 million as at 31 December 2023, representing a decrease of approximately RMB4.5 million or approximately 10.8% as compared with that of approximately RMB41.7 million as at 31 December 2022. It was primarily attributable to the depreciation charged for the year ended 31 December 2023.

Intangible Assets

Our intangible assets were approximately RMB12.6 million as at 31 December 2023, representing a decrease of approximately RMB3.2 million or approximately 20.3% as compared with that of approximately RMB15.8 million as at 31 December 2022. The decrease was mainly due to the amortisation charge of intangible assets during the year.

Right-of-use Assets

Our right-of-use assets represented our right to use our leased assets (i.e. office premises and staff quarters) with lease terms of over one year, which was initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses under HKFRS 16.

Our right-of-use assets increased by approximately RMB36.4 million or about 4,044.4% from approximately RMB0.9 million as at 31 December 2022 to approximately RMB37.3 million as at 31 December 2023.

On 26 September 2023, Beijing Hongkun Ruibang Property Management Company Limited ("**Hongkun Ruibang**") (an indirect wholly-owned subsidiary of the Company) entered into the transfer agreement with Beijing Ruihongda Enterprise Consulting Co., Ltd ("**Beijing Ruihongda**"), pursuant to which Beijing Ruihongda agreed to transfer and Hongkun Ruibang agreed to acquire the right-of-use of a property at a consideration of approximately RMB36.8 million. The property has a lease term until 30 June 2041. Please refer to the announcements of the Company dated 26 September 2023 and the circular of the Company dated 21 November 2023 for further details of the acquisition of the right-of-use of the property.

Goodwill

As at 31 December 2022 and 2023, our goodwill was approximately RMB29.7 million.

Trade and Other Receivables

Our trade and other receivables increased by approximately RMB8.7 million or about 10.1% from approximately RMB86.4 million as at 31 December 2022 to approximately RMB95.1 million as at 31 December 2023. Our trade receivables increased by approximately RMB9.7 million or about 14.1% from approximately RMB68.7 million as at 31 December 2022 to approximately RMB78.4 million as at 31 December 2023, mainly due to the continuous growth in our business. Approximately RMB36.6 million of our trade receivables as at 31 December 2023 had been recovered as at the date of this announcement.

Amounts due from Related Parties and Fellow Subsidiaries

Trade nature amounts due from fellow subsidiaries

Our trade nature amounts due from fellow subsidiaries mainly represented the outstanding balances to be received from the Parent Group mainly in respect of the provisions of our property management services and property developer related services.

Our trade nature amounts due from fellow subsidiaries decreased by approximately RMB19.8 million or about 24.3% from approximately RMB81.4 million as at 31 December 2022 to approximately RMB61.6 million as at 31 December 2023, mainly due to the further impairment loss made during the year.

Non-trade nature amounts due from fellow subsidiaries

As at 31 December 2023, we have no non-trade nature amount due from fellow subsidiaries (as at 31 December 2022: approximately RMB1.1 million). Such amount as at 31 December 2022 mainly represented the deposit paid to the fellow subsidiary to secure the sole agent status of the sale of car parking spaces. Pursuant to the relevant agreement, the amount shall be refunded upon completion of the sale of car parking spaces. The balances were unsecured, interest-free and repayable on demand.

Trade and Other Payables

As at 31 December 2023, the trade and other payables were approximately RMB115.6 million, representing a decrease of approximately RMB10.8 million or about 8.5% as compared to that of approximately RMB126.4 million as at 31 December 2022. Of which our account payables were approximately RMB37.8 million, representing a decrease of approximately RMB6.1 million or about 13.9% as compared to that of approximately RMB43.9 million as at 31 December 2022. In view of the increasing weighting of subcontracting cost, we have accelerated the settlement of payables due to suppliers, in order to maintain the relationship with suppliers and bargain better prices.

Contract Liabilities

Our contract liabilities primarily represented the payments in advance from our customers for the provision of our property management services because pursuant to the property management service agreements, we usually charge a fixed amount of fees by issuing demand notes to property owners and residents, which are generally required to be paid in advance on an annual basis for residential properties and on a monthly or quarterly basis for non-residential properties. Our contract liabilities increased by approximately RMB11.7 million or about 16.9% to approximately RMB80.8 million as at 31 December 2023 (as at 31 December 2022: approximately RMB69.1 million), which was mainly due to the new delivery of 5 residential properties under management during the year.

Asset Pledged

As at 31 December 2023, none of the assets of the Group was pledged.

Proceeds from the Listing

The Shares were listed on the Main Board of the Stock Exchange on 13 March 2020 and 100,000,000 new Shares were issued. The over-allotment option was partially exercised and 5,310,000 new Shares were issued on 3 April 2020. After deducting the underwriting fees and relevant expenses, net proceeds from the Listing amounted to approximately HK$129.4 million (equivalent to approximately RMB116.2 million). The net proceeds from the Listing were higher than that stated in the Prospectus, due to a higher final issue price than the median of the range of offer prices stated in the Prospectus and lower-than-expected underwriting fees. Such proceeds will be applied in the manner consistent with that as set out in the Prospectus which is detailed as follows:

	Disclosure in the Prospectus			
Intended usage	**Approximate net proceeds utilized** *HK$ million*	**Approximate percentage**	**Proceeds planned to be utilized in 2020** *HK$ million*	**Proceeds planned to be utilized in 2021** *HK$ million*
Expansion of geographic presence and scale of operations in the PRC	64.4	65.0%	61.3	3.1
Development and enhancement of our information system and technological initiatives	12.9	13.0%	12.9	–
Expansion of our value-added services	9.9	10.0%	4.7	5.2
Staff development	2.0	2.0%	2.0	–
General working capital	9.8	10.0%	–	–
Total	99.0	100.0%	80.9	8.3

Due to the abovementioned reasons, the net proceeds from the Listing increased to HK$129.4 million and therefore our expected usage increased proportionately as follows:

	As at 31 December 2023				
Intended usage	**Actual amount of net proceeds** *HK$ million*	**Approximate percentage**	**Proceeds utilized** *HK$ million*	**Proceeds not yet utilized** *HK$ million*	**Proceeds planned to be utilized in 2024** *HK$ million*
Expansion of geographic presence and scale of operations in the PRC	84.1	65.0%	47.0	37.1	37.1
Development and enhancement of our information system and technological initiatives	16.9	13.0%	5.2	11.7	11.7
Expansion of our value-added services	12.9	10.0%	5.8	7.1	7.1
Staff development	2.6	2.0%	1.5	1.1	1.1
General working capital	12.9	10.0%	6.4	6.5	6.5
Total	129.4	100.0%	65.9	63.5	63.5

As at 31 December 2023, the Company has utilized part of such proceeds according to the use as set out in the Prospectus. Approximately RMB47.0 million, representing approximately 36.3% of the actual amount of net proceeds, was utilized for expansion of geographic presence and scale of operations in the PRC, including acquiring Jiangsu Wanhao; approximately RMB5.2 million, representing approximately 4.0% of the actual amount of net proceeds, was utilized for development and enhancement of our information system and technological initiatives, including building up a resident communication database; approximately RMB5.8 million, representing approximately 4.5% of the actual amount of net proceeds, was utilized for expansion of our value-added services, including setting up a business development team; approximately RMB1.5 million, representing approximately 1.2% of the actual amount of net proceeds, was utilized for staff development, including providing training to sales team; and approximately RMB6.4 million, representing approximately 4.9% of the actual amount of net proceeds, was utilized for general working capital.

Due to the continuous downtrend of the real estate industry, the supply of new property projects in the market decreases, the uncertainty of acquisition pricing raised, we adopt a more cautious attitude towards the evaluation of the targets for mergers and acquisitions. Therefore, our progress in utilizing the proceeds from the Listing was delayed comparing with the plan. The expected timeline for utilizing the unutilized proceeds will be one year, which is based on our best estimation and will be subject to change according to market conditions. The unutilized proceeds as at 31 December 2023 had been deposited in the bank accounts.

Significant Acquisitions and Disposals

Save as disclosed in this announcement, during the year ended 31 December 2023, the Group did not have any significant acquisitions and disposals.

Significant Investments

As at 31 December 2023, the Group did not have any significant investments.

ANNUAL GENERAL MEETING

The 2023 AGM will be held on 31 May 2024 and the notice of the 2023 AGM will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

DIVIDEND

No final dividend was recommended by the Board for the year ended 31 December 2023.

EVENTS AFTER THE REPORTING PERIOD

There were no other significant events of the Group after 31 December 2023 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group had a total of 846 employees. Staff costs for the year ended 31 December 2023 amounted to approximately RMB138.0 million.

The Company's policy for determining the remuneration payable to Directors is based on the skills, knowledge, involvement and performance of individual Directors, with reference to the Company's profitability, the level of remuneration in the industry and prevailing market conditions. To ensure that the remuneration committee of the Company can better advise on the Group's future remuneration policies and related strategies, the remuneration committee of the Company is informed of the Group's existing remuneration policies and succession plans (e.g. guidelines for determining staff remuneration packages and relevant market trends and information).

In accordance with the relevant PRC laws and regulations, the Group contributes to the PRC social security fund (including pension insurance, medical insurance, unemployment insurance, maternity insurance and work injury insurance) and housing provident fund for its PRC employees. The Group's full-time employees in the PRC participate in a number of government-sponsored defined contribution retirement schemes under which employees are entitled to a monthly pension calculated according to certain formulas. The relevant government agencies assume the responsibility of pension payments to these retired employees. The Group makes monthly contributions to these pension schemes. Under these schemes, the Group has no obligation for post-retirement benefits other than the contributions made. Contributions to these schemes are expensed as incurred and contributions made to these defined contribution pension schemes on behalf of an employee cannot be used to reduce the Group's future obligations under these defined contribution pension schemes even if the employee leaves the Group.

CORPORATE GOVERNANCE CODE

The Board is committed to achieving high standards of corporate governance.

The Board believes that high standards of corporate governance are key to the Group's ability to protect Shareholders' interests, enhance corporate value, develop business strategies and policies, and improve transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code as the basis for the Company's corporate governance practices. The Company has also established a corporate governance framework and has developed a set of policies and procedures in accordance with the Corporate Governance Code. These policies and procedures provide the basis for strengthening the Board's ability to exercise governance and provide appropriate oversight of the business conduct and affairs of the Company.

During the year ended 31 December 2023, the Company has complied with all applicable code provisions set out in the Corporate Governance Code, except for the deviation from code provision C.2.1 of the Corporate Governance Code. Code provision C.2.1 of the Corporate Governance Code requires that the roles of the chairman of the Board and the chief executive officer should be separate and should not be performed by the same individual.

Ms. Wu Guoqing is the general manager of Beijing Hongkun and is involved in the day-to-day management of our business. Although she does not hold the title of chief executive officer, she can be regarded as the *de facto* chief executive officer of the Group (the "**Chief Executive Officer**"). She is also the chairman of the Board (the "**Chairman**"). Ms. Wu has been responsible for the overall management, strategic planning and day-to-day business operations of the Group. The Board believes that at this stage of the Group's development, having the roles of both the Chairman and the Chief Executive Officer in the same person brings strong and consistent leadership to the Company for effective and efficient planning and implementation of business decisions and strategies. Accordingly, the Directors consider it is appropriate and reasonable to deviate from code provision C.2.1 of the Corporate Governance Code. However, it is the Company's long term objective to have different individuals in the two roles when suitable candidates are identified.

The Group will continue to review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiries of all Directors and all Directors confirmed that they have complied with the Model Code during the year ended 31 December 2023.

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

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

AUDIT COMMITTEE

The Audit Committee, comprising Mr. Chan Cheong Tat as chairman as well as Mr. Cheung Wai Hung, Ms. Chen Weijie and Mr. Leung Ka Wo as members, has reviewed, together with the management, the accounting principles and practices adopted by the Group and discussed risk management, internal control, auditing and financial reporting matters including the review of the audited financial statements of the Group for the year ended 31 December 2023.

SCOPE OF WORK OF CROWE (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Crowe (HK) CPA Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hongkunwuye.com). The annual report of the Company for the year ended 31 December 2023 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the above websites in due course.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"AGM"	annual general meeting of the Company
"Audit Committee"	a committee of the Board established by the Board for the purpose of supervising the accounting and financial reporting procedures of the Company and audits of the financial statements of the Company
"Board"	the board of Directors of the Company
"Company"	Ye Xing Group Holdings Limited (燁星集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 26 March 2019
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of the Company
"GFA"	gross floor area
"Group", "we", "us" or "our"	the Company, its subsidiaries and entities under the Company's control through contractual arrangements in the PRC
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Hongkun Group"	Hongkun Jituan Company Limited* (鴻坤集團有限公司) and its subsidiaries, associated companies and joint ventures
"Independent Third Party"	third party who is not connected with any of our Directors or controlling Shareholders or any of our subsidiaries or any of our respective associates (within the meaning of the Listing Rules)
"Jiangsu Wanhao"	Jiangsu Wanhao Property Management Co., Ltd.* (江蘇萬豪物業服務有限公司), a limited liability company incorporated in the PRC on 24 September 2003
"Listing"	the listing of the Shares on the Stock Exchange on 13 March 2020
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Parent Group"	Beijing Herun Asset Management Company Limited* (北京合潤資產管理有限公司) and its subsidiaries, associated companies and joint ventures
"PRC" or "China"	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Prospectus"	the prospectus dated 28 February 2020 issued by the Company in relation to the Listing of its Shares on the Main Board of the Stock Exchange
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) in the share capital of the Company with nominal value of HK$0.01 each

"Shareholder(s)"	holder(s) of the Share(s)
"sq.m."	square meter
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By Order of the Board
Ye Xing Group Holdings Limited
Wu Guoqing
Chairman and executive Director

Hong Kong, 27 March 2024

As at the date of this announcement, the Board comprises Ms. Wu Guoqing, Mr. Zhao Weihao, Ms. Li Yin Ping and Ms. Zhang Chunying as executive Directors; Mr. Li Yifan as non-executive Director; and Mr. Cheung Wai Hung, Mr. Chan Cheong Tat, Ms. Chen Weijie and Mr. Leung Ka Wo as independent non-executive Directors.

* *For identification purposes only*