众安集团
ZHONG AN GROUP

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2271)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2023	2022	Change
	RMB'000	*RMB'000*	
Revenue	**351,133**	319,735	+9.82%
Gross profit	**118,814**	116,338	+2.13%
Profit for the year	**49,424**	50,935	-2.97%
Profit attributable to owners of the parent	**49,346**	50,817	-2.89%
Earnings per share attributable to ordinary equity holders of the parent – Basic and diluted	**RMB11.2 cents**	RMB13.4 cents	

	As at 31 December		
	2023	2022	Change
	RMB'000	*RMB'000*	
Total assets	**410,085**	198,032	+107.08%
Net assets	**274,756**	93,266	+194.59%
Net assets value per share	**RMB0.53**	Not applicable	N/A

The board (the "**Board**") of directors (the "**Directors**") of Zhong An Intelligent Living Service Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2023 (the "**Reporting Period**"), together with the comparative figures for the corresponding period ended 31 December 2022 (the "**2022 Same Period**") as below:

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
REVENUE	*4*	**351,133**	319,735
Cost of sales		**(232,319)**	(203,397)
GROSS PROFIT		**118,814**	116,338
Other income		**3,892**	2,155
Administrative expenses		**(49,545)**	(47,573)
Impairment losses on financial assets, net		**(3,846)**	(2,660)
PROFIT BEFORE TAX		**69,315**	68,260
Income tax expenses	*6*	**(19,891)**	(17,325)
PROFIT FOR THE YEAR		**49,424**	50,935
Profit attributable to:			
Owners of the parent		**49,346**	50,817
Non-controlling interests		**78**	118
		49,424	50,935
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted		**RMB11.2 cents**	RMB13.4 cents
TOTAL COMPREHENSIVE INCOME, NET OF TAX, FOR THE YEAR		**49,424**	50,935
Total comprehensive income attributable to:			
Owners of the parent		**49,346**	50,817
Non-controlling interests		**78**	118
		49,424	50,935

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	**31 December 2023** **RMB'000**	31 December 2022 RMB'000
NON-CURRENT ASSETS			
Property and equipment		**4,401**	4,611
Intangible assets		**106**	66
Deferred tax assets		**3,196**	2,235
Total non-current assets		**7,703**	6,912
CURRENT ASSETS			
Inventories		**224**	69
Trade receivables	*9*	**116,534**	89,397
Due from related companies		**54,555**	10,169
Prepayments, other receivables and other assets		**53,763**	46,761
Cash and cash equivalents		**177,306**	44,724
Total current assets		**402,382**	191,120
CURRENT LIABILITIES			
Trade payables	*10*	**1,868**	1,601
Other payables, deposits received and accruals		**48,844**	42,512
Contract liabilities		**51,753**	40,118
Tax payable		**31,599**	20,535
Deferred tax liabilities		**1,265**	–
Total current liabilities		**135,329**	104,766
NET CURRENT ASSETS		**267,053**	86,354
TOTAL ASSETS LESS CURRENT LIABILITIES		**274,756**	93,266
NET ASSETS		**274,756**	93,266
EQUITY			
Equity attributable to owners of the parent			
Share capital		**4,731**	–
Reserves		**268,178**	91,497
		272,909	91,497
Non-controlling interests		**1,847**	1,769
TOTAL EQUITY		**274,756**	93,266

NOTES TO CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

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

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

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 17	*Insurance Contracts*
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*

The nature and the 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 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the 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. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1	*Non-current Liabilities with Covenants*
Amendment to IAS 7 and IFRS 17	*Supplier Finance Arrangements*[1]
Amendment to IAS 21	*Lack of Exchangeability*[2]

[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] *No mandatory effective date yet determined but available for adoption*

The Group is in the process of making an assessment of the impact of these revised IFRSs upon initial application. So far, the Group considers that, these revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company. During the reporting year, the Group was principally engaged in the provision of property management services, value-added services mainly to property developers and community value-added services to customers. Management reviews the operating results of the Group's business as one operating segment for the purpose of making decisions about resource allocation and performance assessment. Therefore, the chief operating decision maker of the Company regards that there is only one segment which is used to make strategic decisions.

Geographical information

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

Information about major customers

For the year ended 31 December 2023, revenue from Zhong An Group contributed 24.73% (2022: 32.48%) to the Group's revenue. Other than the revenue from Zhong An Group, no revenue derived from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the years ended 31 December 2023 and 2022.

4. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Property management services	**261,200**	223,593
Value-added services mainly to property developers	**58,069**	60,729
Community value-added services	**31,864**	35,413
Total	**351,133**	319,735

Revenue from contracts with customers

(a) Disaggregated revenue information

Types of services	**Property management services** *RMB'000*	**Value-added services mainly to property developers** *RMB'000*	**Community value-added services** *RMB'000*	**Total** *RMB'000*
For the year ended 31 December 2023				
Geographical market				
Chinese Mainland	**261,200**	**58,069**	**31,864**	**351,133**
Timing of revenue recognition				
Revenue recognised over time	**261,200**	**58,069**	**20,397**	**339,666**
Revenue recognised at a point in time	**–**	**–**	**11,467**	**11,467**
Total	**261,200**	**58,069**	**31,864**	**351,133**

Types of services	Property management services *RMB'000*	Value-added services mainly to property developers *RMB'000*	Community value-added services *RMB'000*	Total *RMB'000*
For the year ended 31 December 2022				
Geographical market				
Chinese Mainland	223,593	60,729	35,413	319,735
Timing of revenue recognition				
Revenue recognised over time	223,593	60,729	12,281	296,603
Revenue recognised at a point in time	–	–	23,132	23,132
Total	223,593	60,729	35,413	319,735

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

	2023	2022
	RMB'000	*RMB'000*
Property management services	**36,143**	43,115

(b) *Performance obligations*

For property management services, value-added services mainly to property developers and community value-added services, the Group recognises revenue in the amount that equals to the rights to invoices which corresponds directly with the value to the customers of the Group's performance to date. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts because for property management services and certain value-added services mainly to property developers, the Group recognises revenue in the amount that equals the right to invoice which corresponds directly with the value to the customer of the Group's performance to date on a monthly basis. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed. For community value-added services, they are rendered in a short period of time, which is generally less than a year, and there was no unsatisfied performance obligation at the end of the year.

	2023	2022
	RMB'000	*RMB'000*
Other income		
Interest income	**164**	151
Government grants*	**3,377**	928
Others	**351**	1,076
Total	**3,892**	2,155

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

5. PROFIT BEFORE TAX

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

	2023 *RMB'000*	2022 *RMB'000*
Cost of services provided*	**232,319**	203,397
Impairment of trade receivables	**3,846**	2,660
Depreciation of items of property and equipment	**942**	934
Amortisation of intangible assets	**34**	30
Staff costs (excluding directors' and chief executive's remuneration):		
Wages and salaries	**197,891**	152,984
Pension scheme contributions and social welfare**	**28,590**	24,185
Total	**226,481**	177,169
Listing expenses	**4,311**	9,864
Auditor's remuneration	**1,415**	146

* Amounts of RMB153,192,000 and RMB198,633,000 of staff costs were included in "Cost of services provided" in the consolidated statement of profit or loss and other comprehensive income during the years ended 31 December 2022 and 2023, respectively.

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

6. INCOME TAX

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

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

	2023 *RMB'000*	2022 *RMB'000*
Current tax:		
PRC corporate income tax	**19,587**	17,990
Deferred tax	**304**	(665)
Total tax charge for the year	**19,891**	17,325

7. DIVIDENDS

	2023	2022
	RMB'000	*RMB'000*
Proposed final – RMB2.45 cent (2022: Nil) per ordinary share	**12,653**	–

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting ("**AGM**").

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 year attributable to ordinary equity holders of the parent of RMB49,346,000 (2022: RMB50,817,000), and the weighted average number of ordinary shares of 441,700,225 (2022: 380,000,000), for the purpose of computing basic earnings per share. The number of ordinary shares has been adjusted retrospectively for the effect of the issues relating to the capitalisation issue in July 2023 with 379,999,999 shares, and as if the capitalisation issues had been completed on 1 January 2022.

The calculation of basic earnings per share is based on:

	2023	2022
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent	**49,346**	50,817

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year	**441,700,225**	380,000,000

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2023 (2022: Nil).

9. TRADE RECEIVABLES

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

	2023	2022
	RMB'000	*RMB'000*
Within 6 months	**64,591**	58,332
Over 6 months and within 1 year	**25,818**	23,317
Over 1 year and within 2 years	**23,040**	6,603
Over 2 years and within 3 years	**3,085**	1,145
Total	**116,534**	89,397

10. 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:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**1,786**	1,568
3 to 12 months	**74**	33
12 to 24 months	**8**	–
Total	**1,868**	1,601

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

As at 31 December 2022 and 2023, the carrying amounts of trade payables approximated to their fair values.

11. CONTINGENT LIABILITIES

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

The Group is a reputable integrated property management service provider headquartered in Hangzhou with deep roots in Zhejiang province and the Yangtze River Delta Region. Through over 25 years of operations since our establishment in 1998, the Group has grown from a local property management service provider in Hangzhou to an integrated regional property management service provider with a major presence in Zhejiang province.

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

As of 31 December 2023, the Group had a total of 138 contracted projects with a contracted area of approximately 20.80 million sq.m., covering 19 cities and seven provinces in China. As of 31 December 2023, the Group had 113 projects under management, with area under management of approximately 16.43 million sq.m., covering 12 cities and three provinces in China.

The following table sets forth the revenue from property management services and GFA under management by types of property for the years indicated:

	For the Year ended 31 December							
	2023				2022			
	Number of projects	**GFA under management** *(sq.m'000)*	**Revenue** *(RMB'000)*	**Percentage** *(%)*	Number of projects	GFA under management *(sq.m'000)*	Revenue *(RMB'000)*	Percentage *(%)*
Residential properties	**87**	**13,864**	**182,859**	**70.0%**	70	11,283	163,468	73.1%
Non-residential properties	**26**	**2,563**	**78,341**	**30.0%**	25	1,549	60,125	26.9%
Total	**113**	**16,427**	**261,200**	**100.0%**	95	12,832	223,593	100.0%

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

Zhong An is one of the leading real estate developers in the Yangtze River Delta Region, whilst the CNC, together with Zhong An and its subsidiaries (the "**Remaining Group**") is a major commercial property developer in the Yangtze River Delta Region and their development projects include residential properties, commercial complexes, hotels and other properties. According to CIA, in terms of overall strength, Zhong An ranked 64th among the 2023 Top 100 Real Estate Companies in China (2023中國房地產百強企業). As of 31 December 2023, to the best knowledge of the Group after consulting the Remaining Group, it had about 34 property projects under development or held for development in the PRC, with a total GFA of approximately 6.6 million sq.m. Among the projects mentioned above, we have obtained service agreements in respect of 23 property projects with a total GFA of approximately 3.7 million sq.m. as of 31 December 2023.

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

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

During the Reporting Period, the Group has always adhered to "providing better services to homeowners" as the Group's business goal. We have improved and optimized the product line system and operation management system, and promoted management and service standardization. We have launched new special actions such as "Listening Action", "Quality Supervision Officer" and "General Manager Reception Day", aiming to empower the front line through management, better understand the actual needs of customers, accurately improve the service quality of each project, and bring a better living environment to customers. At the same time, we have combined internal satisfaction surveys and CIA satisfaction surveys to regularly conduct satisfaction surveys. In the 2023 annual satisfaction survey, the customer satisfaction score was 79 points. Through precise control of corporate development of the Company's senior management and the efforts of all the Company's employees, we were ranked 40th in the ranking of the Top 100 in Property Industry in 2023. At the same time, the Company won the "Leading Enterprise in East China Regional Service Market in 2023", "Potential Unicorns of China's Property Service Companies in 2023", "Socially Responsible Enterprises of the Year in China's Property Services in 2023", "Excellent Enterprises in China's Specialized Property Services in 2023", "Advanced Enterprises in China's Specialized Property Services in 2023", "China's Specialized Property Service Strong Service Enterprise in 2023" and "China's Specialized Property Service Safety Demonstration Unit in 2023" and so on. Also, many projects were granted "municipal-level excellent communities", "municipal/district-level beautiful homes", "provincial/municipal/district-level red properties", "provincial-level waste classification demonstration communities" and "clean and beautiful communities", etc.

In terms of smart services, the Group has systematically promoted smart systems and artificial intelligence robots for existing projects under management in 2023, and they have been put into use in multiple projects. At the same time, in order to cater to the needs of homeowners more accurately, on the value-added service side, we have launched housekeeping services and car washing services to make the lives of homeowners more convenient and efficient. The Group has also continued to explore and study business development in multiple new areas, and formulated multiple new business tracks based on the business needs and the Company's development direction, which will be gradually implemented in future development. The Group endeavored to understand the needs of our customers, refine our services and build an all-rounded service system under the "Zhong An Intelligent Living" brand.

FINANCIAL REVIEW

Revenue

For the Reporting Period, revenue of the Group amounted to approximately RMB351.1 million (2022: RMB319.7 million), representing an increase of 9.8% as compared with the 2022 Same Period. The Group's revenue was derived from three major business lines: (i) property management services; (ii) value-added services mainly to property developers; and (iii) community value-added services.

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

	For the Year ended 31 December			
	2023		2022	
	(RMB in thousands, except for percentages)			
Property management services	**261,200**	**74.4%**	223,593	69.9%
Value-added services mainly to property developers	**58,069**	**16.5%**	60,729	19.0%
Community value-added services	**31,864**	**9.1%**	35,413	11.1%
	351,133	**100.0%**	319,735	100.0%

Property Management Services

During the Reporting Period, revenue from property management services amounted to approximately RMB261.2 million, representing an increase of 16.8% as compared with approximately RMB223.6 million in the 2022 Same Period. As at 31 December 2023, the Group had a total GFA under management of approximately 16.4 million sq.m., representing an increase of approximately 3.6 million sq.m. or 28.1% as compared with approximately 12.8 million sq.m. in the 2022 Same Period. The increase was primarily attributable to the increase in projects delivered by independent third-party property developers, as well as the increase in business with Remaining Group.

A majority of our revenue from property management services is generated from services provided to properties developed by Remaining Group. As of 31 December 2023, we had 53 properties (2022: 41 properties) developed by Remaining Group under our management, with a total GFA under the management of approximately 8.0 million sq.m. (2022: 6.8 million sq.m.).

The following table sets forth a breakdown of revenue from property management services and GFA under our management by type of property developers for the years indicated:

	For the Year ended 31 December							
	2023				2022			
	Number of projects	**GFA under management** *(sq.m'000)*	**Revenue** *(RMB'000)*	**Percentage**	Number of projects	GFA under management *(sq.m'000)*	Revenue *(RMB'000)*	Percentage
Remaining Group	**53**	**8,005**	**168,851**	**64.6%**	41	6,835	159,917	71.5%
Joint ventures and associates of the Remaining Group	**6**	**881**	**6,315**	**2.5%**	1	90	–	–
Independent third-party property developers	**54**	**7,541**	**86,034**	**32.9%**	53	5,907	63,676	28.5%
Total	**113**	**16,427**	**261,200**	**100.0%**	95	12,832	223,593	100.0%

Notes:

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

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

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

Our Geographical Presence

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

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

	For the Year ended 31 December					
	2023			2022		
	Number of projects	**GFA under management** ***(sq.m'000)***	**Percentage**	Number of projects	GFA under management *(sq.m'000)*	Percentage
Second-tier cities	**68**	**10,015**	**61.0%**	64	8,363	65.2%
Third-tier cities	**5**	**817**	**5.0%**	2	585	4.6%
Other cities	**40**	**5,595**	**34.0%**	29	3,884	30.2%
Total	**113**	**16,427**	**100.0%**	95	12,832	100.0%

Note:

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

Portfolio of Properties under Management

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

The following table sets forth a breakdown of the revenue from property management services and GFA under management by types of property for the years indicated:

	For the Year ended 31 December							
	2023				2022			
	Number of projects	**GFA under management** *(sq.m'000)*	**Revenue** *(RMB'000)*	**Percentage** *(%)*	Number of projects	GFA under management *(sq.m'000)*	Revenue *(RMB'000)*	Percentage *(%)*
Residential properties	**87**	**13,864**	**182,859**	**70.0%**	70	11,283	163,468	73.1%
Non-residential properties	**26**	**2,563**	**78,341**	**30.0%**	25	1,549	60,125	26.9%
Total	**113**	**16,427**	**261,200**	**100.0%**	95	12,832	223,593	100.0%

Value-added Services Mainly to Property Developers

The following table sets forth a breakdown of the revenue of the Value-added Services Mainly to Property Developers for the periods indicated, both in absolute amount and as a percentage of total revenue:

	For the Year ended 31 December			
	2023		2022	
	(RMB in thousands, except for percentages)			
Sales office management services	**44,404**	**76.5%**	55,046	90.6%
Preliminary planning and design consultancy services	**5,723**	**9.9%**	4,546	7.5%
Pre-delivery inspection services	**7,942**	**13.6%**	1,137	1.9%
	58,069	**100.0%**	60,729	100.0%

We provide a range of value-added services mainly to property developers covering different stages of property development projects, which primarily comprise (i) sales office management services mainly including the provision of management services at property sales venues and display units of property developers, (ii) preliminary planning and design consultancy services to property developers and (iii) pre-delivery inspection services.

During the Reporting Period, revenue from value-added services mainly to property developers, amounted to approximately RMB58.1 million, representing a decrease of approximately RMB2.6 million or 4.3% as compared with approximately RMB60.7 million in the 2022 Same Period.

The decrease was primarily attributable to the combined results of (i) an increase in the pre-delivery inspection services of approximately RMB6.8 million and (ii) a decrease in the provision of sales office management services to the Remaining Group of approximately RMB10.6 million.

Community Value-added Services

The following table sets forth a breakdown of the revenue of the community value-added services for the periods indicated, both in absolute amount and as a percentage of total revenue:

	For the Year ended 31 December			
	2023		2022	
	(RMB in thousands, except for percentages)			
Common area management services	**17,851**	**56.0%**	11,095	31.3%
Renovation waste disposal services	**2,546**	**8.0%**	1,186	3.3%
Car parking space sales agency services	**11,467**	**36.0%**	23,132	65.4%
	31,864	**100.0%**	35,413	100.0%

We mainly provide community value-added services principally to property owners and residents of our managed properties, which primarily comprise (i) common area management services where we assist property owners to lease out common areas for advertisement placements and operation or promotion of businesses which help facilitate the living convenience of the community, (ii) renovation waste disposal services where we assist the property owners in disposing of the waste generated as a result of the renovation work carried out in their units and (iii) car parking space sales agency services where we assist the Remaining Group to sell and purchasers to purchase car parking spaces in certain property projects we managed or under our management.

Revenue from community value-added services was approximately RMB31.9 million during the reporting period, a decrease of approximately RMB3.5 million or 9.9% compared with approximately RMB35.4 million in the 2022 Same Period.

The decrease was primarily attributable to the combined results of (i) an increase of revenue in the common area management services of approximately RMB6.8 million and (ii) a decrease of revenue in the car parking space sales agency services of approximately RMB11.6 million.

Cost of Sales

Our cost of sales primarily consists of (i) staff costs refer to the costs of our on-site staff directly providing property management services, value-added services mainly to property developers and community value-added services; (ii) expenses for cleaning and gardening services including cleaning, waste and sewerage charges; (iii) expenses for maintenance services and consumables including equipment repair expenses; and (iv) utilities expenses including water and electricities charges, office supplies for property management offices and communication charges.

For the Reporting Period, the Group's cost of sales was approximately RMB232.3 million (2022: approximately RMB203.4 million), representing an increase of 14.2% compared with the 2022 Same Period. The growth rate of cost of sales was higher than that of revenue of 4.4 percentage points, mainly attributable to the continuous increase in staff costs.

During the Reporting Period, staff costs included in the cost of sales were approximately RMB198.6 million, representing an increase of approximately RMB45.4 million or 29.6% as compared with approximately RMB153.2 million in the 2022 Same Period.

Gross Profit and Gross Profit Margin

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

	For the Year ended 31 December	
	2023	2022
Property management services	**31.1%**	33.2%
Value-added services mainly to property developers	**41.5%**	41.7%
Community value-added services	**42.6%**	47.4%
	33.8%	36.4%

The gross profit of the Group was approximately RMB118.8 million for the Reporting Period, representing a slight increase of approximately RMB2.5 million or 2.1 % as compared with approximately RMB116.3 million in the 2022 Same Period.

The Group's gross profit margin was affected by the combined gross profit margin of the three segments of property management services, community value-added services and value-added services mainly to property developers. The gross profit margin decreased from 36.4 % for the 2022 Same Period to 33.8% in the Reporting Period was primarily due to the decreased gross profit margin on community value-added services and property management services during the Reporting Period.

Administrative expenses

Our administrative expenses reached approximately RMB49.5 million, representing a slight increase of 4.0% from approximately RMB47.6 million for the 2022 Same Period. The administrative expense ratio (administrative expense divided by revenue) was 14.1%, representing a slight decrease of 0.8 percentage points compared to 14.9% in the 2022 Same Period. During the Reporting Period, the Group upgraded the management system and reinforced cost control.

Income Tax Expenses

The income tax expenses of the Group increased by 15.0% from approximately RMB17.3 million for the 2022 Same Period to approximately RMB19.9 million for the Reporting Period. The effective income tax rate was 28.7% (2022: 25.4%), representing an increase of 3.3 percentage points compared to the 2022 Same Period.

Profit for the Year

As a result of the foregoing, the Group's net profit was approximately RMB49.4 million for the Reporting Period, representing a slight decrease of 2.9% as compared with approximately RMB50.9 million for the 2022 Same Period. The net profit margin was 14.1%, representing a decrease of 1.8 percentage points as compared to 15.9% for the 2022 Same Period.

The profit attributable to the owners of the parent decreased by approximately 3% from approximately RMB50.8 million for the 2022 Same Period to approximately RMB49.3 million for the Reporting Period. The basic and diluted earnings per share attributable to ordinary equity holders of the parent were RMB11.2 cents per share (2022: RMB13.4 cents per share).

Trade receivables and prepayments, other receivables and other assets

As of 31 December 2023, trade receivables and prepayments, other receivables and other assets amounted to approximately RMB170.3 million, representing an increase of approximately 25.0% from approximately RMB136.2 million as of 31 December 2022, which was primarily attributable to an increase in the number of projects under management by the Group and the general atmosphere of the domestic environment of the collection rate became slower.

LIQUIDITY AND CAPITAL RESOURCES

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

The Group's principal sources of liquidity come from the proceeds from our business operations. Most of the Group's cash and cash equivalents are denominated in RMB, which amounted to approximately RMB177.3 million as of 31 December 2023, representing an increase of approximately RMB132.6 million or 296.6% from RMB44.7 million as of 31 December 2022.

As of 31 December 2023, the Group's current ratio (current assets divided by current liabilities) was 3.0 times (31 December 2022: 1.8 times).

As of 31 December 2023, the Group did not have any bank borrowings, and the gearing ratio (total borrowings divided by total equity) was nil.

Foreign exchange risk

Substantially all of the Group's revenues and expenditures are denominated in RMB. As of 31 December 2023, the Group has not entered into any hedging transactions. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign exchange rates and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL COMMITMENTS

As of 31 December 2023, the Group had no capital commitments.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As of 31 December 2023, the Company, its subsidiaries, and its associates did not have any financial guarantees, mortgage guarantees for loans, or other significant contingent liabilities.

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS

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

EVENTS AFTER REPORTING PERIOD

There were no important events affecting the Group which have occurred since 31 December 2023 and up to the date of this announcement.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB2.45 cents per Share (2022: NIL) for the year ended 31 December 2023 (the "**Proposed Final Dividend**"). The final dividend is subject to the approval of Shareholders at the AGM to be held on 6 June 2024 and will be paid on or before 9 August 2024 to the Shareholders whose names appear on the register of members of the Company on 26 July 2024.

Closure of Register of Members

For the purpose of determining the rights to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from 3 June 2024 to 6 June 2024, both days inclusive, during which period no transfer of shares will be registered. All transfer documents of the Company accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof.

For the purpose of determining the entitlement to the Proposed Final Dividend, the register of members of the Company will be closed from 24 July 2024 to 26 July 2024, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to receive the Proposed Final Dividend, all transfer documents of the Company accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 23 July 2024.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company's Shares have been listed on the Main Board of The Stock Exchange since the Listing Date.

Net proceeds from the Global Offering received by the Company were approximately HK$91.7 million with 126,668,000 new ordinary Shares issued. The Company also received net proceeds of HK$12.2 million with 10,746,000 ordinary Shares issued from the partial exercise of Over-allotment Option.

The total amount of net proceeds from the Global Offering and the partial exercise of Over-allotment Option of approximately HK$104 million are proposed to be used for the purposes and in the amounts (adjusted on pro rata basis based on the actual net proceeds) as disclosed in the Prospectus.

Purpose	Percentage	Net Proceeds (HK$ million) Available as at 1 January 2023	Used as at 31 December 2023	Unused as at 31 December 2023	Remaining balance expected to be fully used by
Strategic acquisitions and investments	55.0%	57.2	0	57.2	By December 2025
Invest and upgrade in hardware and software for the development of communities across the projects the Company manages	30.0%	31.2	0.34	30.86	By December 2025
Enrich the service offerings, scale and efficiency of the Group's community value-added services	15.0%	15.6	0.2	15.4	By December 2025
Total	100%	104	0.54	103.46	

EMPLOYEES AND REMUNERATION POLICY

The Group had a total of 2,696 (31 December 2022: 2,817) employees as at 31 December 2023. Total staff costs of the Group (excluding the Directors' and chief executive officer's remuneration) for the year ended 31 December 2023 was approximately RMB198.6 million (2022: RMB153.2 million). The Group has adopted a system of determining employees' remuneration based on the performance of employees. The Group generally provides competitive remuneration packages to employees, including basic salaries, performance-based awards and year-end bonus. The Group also pays social security insurance for its employees, including medical insurance, work-related injury insurance, endowment insurance, maternity insurance, unemployment insurance and housing funds. In terms of employee training, the Group provides continuous and systematic training to employees based on their positions and expertise to enhance their expert knowledge in property management and related fields.

SUFFICIENCY OF PUBLIC FLOAT

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

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

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

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

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. During the year ended 31 December 2023, the Company has complied with all applicable code provisions under the CG Code. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

AUDIT COMMITTEE

The Company has set up an audit committee of the Company ("**Audit Committee**") and adopted the terms of reference which complied with the CG Code. The chairperson of the Audit Committee is Mr. Chung Chong Sun. The other members are Mr. Liang Xinjun and Mr. Chiu Ngam. The Audit Committee comprised all of the three independent non-executive Directors. The Audit Committee has reviewed and discussed with the management of the Group the unaudited interim condensed consolidated financial information of the Company for the Reporting Period, including the accounting principles and practices adopted by the Group, and discussed financial related matters. The Audit Committee has also reviewed the effectiveness of the risk management and the internal control systems of the Company, and considers the risk management and internal control systems to be effective and adequate.

The Audit Committee had, together with the management and external auditor of the Company (the "**Auditor**"), reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended 31 December 2023.

REVIEW OF ANNUAL RESULTS

The Group's audited consolidated results for the year ended 31 December 2023 have been reviewed by the Audit Committee.

Publication of Annual Results and Annual Report on the Websites of the Stock Exchange and the Company

This announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (www.zazhsh.com). The annual report of the Company will be dispatched to the shareholders of the Company in due course, and published on the above websites in due course.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its code of conduct regarding dealings in the securities of the Company by the Directors and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company's securities.

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

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend my sincere gratitude to our shareholders, investors, customers and suppliers, and to all employees for their contributions and hard work, and I will use my best endeavors to create the greatest value and achieve the best return for our shareholders and investors.

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

The People's Republic of China, 26 March 2024

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