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众安集团
ZHONG AN GROUP

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2271)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2024	2023	Change
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Revenue	**182,145**	165,760	9.9%
Gross profit	**57,711**	55,970	3.1%
Profit for the period	**14,260**	15,414	-7.5%
Profit attributable to owners of the parent	**14,354**	15,387	-6.7%
Earnings per share attributable to ordinary equity holders of the parent – Basic and diluted	**RMB2.77 cents**	RMB2.97 cents	
	As at 30 June 2024	As at 31 December 2023	Change
	RMB'000	*RMB'000*	
	(Unaudited)	(Audited)	
Total assets	**415,004**	410,085	1.2%
Net assets	**276,363**	274,756	0.6%
Net assets value per share	**RMB0.53**	RMB0.53	0.0%

The board (the "**Board**") of directors (the "**Directors**") of Zhong An Intelligent Living Service Limited (the "**Company**") is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2024 (the "**Reporting Period**"), together with the comparative figures for the corresponding period ended 30 June 2023 (the "**2023 Interim Period**") as below:

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

For the six months ended 30 June 2024

	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
REVENUE	4	**182,145**	165,760
Cost of sales		**(124,434)**	(109,790)
GROSS PROFIT		**57,711**	55,970
Other income		**2,581**	689
Administrative expenses		**(37,353)**	(32,959)
Impairment losses on financial assets, net		**(3,862)**	(2,274)
PROFIT BEFORE TAX	5	**19,077**	21,426
Income tax expense	6	**(4,817)**	(6,012)
PROFIT FOR THE PERIOD		**14,260**	15,414
Profit attributable to:			
Owners of the parent		**14,354**	15,387
Non-controlling interests		**(94)**	27
		14,260	15,414

	Note	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*8*	**RMB2.77 cents**	RMB2.97 cents
TOTAL COMPREHENSIVE INCOME, NET OF TAX, FOR THE PERIOD		**14,260**	15,414
Total comprehensive income attributable to:			
Owners of the parent		**14,354**	15,387
Non-controlling interests		**(94)**	27
		14,260	15,414

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	**30 June 2024 RMB'000 (Unaudited)**	31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property and equipment		**4,447**	4,401
Intangible assets		**89**	106
Deferred tax assets		**4,161**	3,196
Total non-current assets		**8,697**	7,703
CURRENT ASSETS			
Inventories		**224**	224
Trade receivables	*9*	**135,895**	116,534
Due from related companies		**63,590**	54,555
Prepayments, other receivables and other assets		**58,375**	53,763
Cash and cash equivalents		**148,223**	177,306
Total current assets		**406,307**	402,382
CURRENT LIABILITIES			
Trade payables	*10*	**3,488**	1,868
Other payables, deposits received and accruals		**44,686**	48,844
Contract liabilities		**53,828**	51,753
Tax payable		**22,355**	31,599
Dividend payable		**12,653**	–
Deferred tax liabilities		**1,631**	1,265
Total current liabilities		**138,641**	135,329
NET CURRENT ASSETS		**267,666**	267,053
TOTAL ASSETS LESS CURRENT LIABILITIES		**276,363**	274,756
NET ASSETS		**276,363**	274,756
EQUITY			
Equity attributable to owners of the parent			
Share capital		**4,731**	4,731
Reserves		**269,879**	268,178
		274,610	272,909
Non-controlling interests		**1,753**	1,847
TOTAL EQUITY		**276,363**	274,756

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Corporate information

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

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

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

2. Basis of preparation and accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. These interim condensed consolidated financial information are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

2.2 Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2020 Amendments")
Amendments to IAS 7 and HKFRS 7	*Supplier Finance Arrangements*

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

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

    The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. Operating segment information

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

Geographical information

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

Information about major customers

For the six months ended 30 June 2024, revenue from Zhong An and its subsidiaries other than the Group (collectively "**the Remaining Zhong An Group**") contributed 14.02% (for the six months ended 30 June 2023: 25.16%) to the Group's revenue. Other than the revenue from the Remaining Zhong An Group, no revenue derived from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the six months ended 30 June 2024 and 2023.

4. Revenue

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Property management services	**153,423**	123,614
Value-added services mainly to property developers	**18,099**	31,731
Community value-added services	**10,623**	10,415
	182,145	165,760

Revenue

(a) Disaggregated revenue information

Types of services	Property management services	Value-added services mainly to property developers	Community value-added services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Six months ended 30 June 2024				
Geographical market				
Chinese Mainland	153,423	18,099	10,623	182,145
Timing of revenue recognition				
Revenue recognised overtime	153,423	18,099	8,487	180,009
Revenue recognised at a point in time	–	–	2,136	2,136
	153,423	18,099	10,623	182,145

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

5. Profit before tax

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of services provided	**124,434**	109,790
Impairment of trade receivables	**3,862**	2,274
Depreciation of items of property and equipment	**460**	471
Amortisation of intangible assets	**18**	15
Listing expense	**–**	2,282
Staff cost (excluding directors' and chief executive's remuneration):		
Wages and salaries	**107,467**	90,810
Pension scheme contributions and social welfare	**14,680**	13,401

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 British Virgin Islands ("**BVI**"), the Company and the Group's subsidiary incorporated in BVI are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits arising in Hong Kong during the reporting periods.

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
PRC corporate income tax	**5,416**	6,580
Deferred tax	**(599)**	(568)
Total tax charge for the period	**4,817**	6,012

7. Dividend

On 6 June 2024, a final dividend for the year ended 31 December 2023 of RMB2.45 cents per ordinary share, amounting to approximately RMB12,653,000, has been approved by the shareholders at the annual general meeting for the Company (six months ended 30 June 2023: Nil).

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent of RMB14,354,000 (six months ended 30 June 2023: RMB15,387,000), and the weighted average number of ordinary shares of 517,414,000 (six months ended 30 June 2023: 517,414,000), for the purpose of computing basic earnings per share. The number of ordinary shares for the period ended 30 June 2023 has been adjusted retrospectively for the effect of the issues relating to the capitalisation issue in July 2023 and the partial exercise of the over-allotment option in August 2023, with 517,414,000 shares in aggregate, and as if the capitalisation issues and the partial exercise of the over-allotment option had been completed on 1 January 2022.

The calculations of basic earnings per share are based on:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	**14,354**	15,387

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the period	**517,414,000**	517,414,000

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2024 (six months ended 30 June 2023: Nil).

9. Trade receivables

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

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 6 months	**74,076**	64,591
Over 6 months and within 1 year	**29,609**	25,818
Over 1 year and within 2 years	**27,372**	23,040
Over 2 years and within 3 years	**4,838**	3,085
	135,895	116,534

10. Trade payables

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

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**3,388**	1,786
3 to 12 months	**96**	74
12 to 24 months	**4**	8
	3,488	1,868

11. Contingent liabilities

As of 30 June 2024 and 31 December 2023, the Group did not have any material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE COMPANY

Since the listing of Zhong An in November 2007 on the 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 to be successfully listed on the Stock Exchange by way of spin-off was China New City Group Limited. 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 major presence in Zhejiang province.

According to China Index Academy ("**CIA**"), the Group's market share in the PRC in terms of GFA under management as of 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 increased from 82nd in 2016 to 37th in 2024, reflecting the Group's growing property management capabilities.

As of 30 June 2024, the Group had a total of 144 contracted projects with a contracted area of approximately 21.76 million sq.m., covering 20 cities and eight provinces in China. As of 30 June 2024, the Group had 123 projects under management, with area under management of approximately 18.03 million sq.m., covering 16 cities and five provinces in China.

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

Zhong An is one of the leading real estate developers in the Yangtze River Delta Region, whilst China New City Group Limited, together with Zhong An Group (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 55th among the 2024 Top 100 Real Estate Companies in China（2024中國房地產百強企業）. As of 30 June 2024, to the best knowledge of the Group after consulting the Remaining Group, it had about 29 property projects under development or held for development in the PRC, with a total GFA of approximately 5.95 million sq.m.. Among the projects mentioned above, we have obtained service agreements in respect of 17 property projects with a total GFA of approximately 3.04 million sq.m. as of 30 June 2024.

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

Over the course of the Group's development, in addition to the efforts in managing residential property projects, we also focused on non-residential property projects comprising primarily commercial and office buildings, serviced apartments, public and other properties (such as office buildings of PRC governmental bodies, industrial parks, hospitals, schools and museum). The management of the Group believes that the development of our non-residential property projects portfolio would enable the Group to develop more personalized and professional service offerings and enhance its service standards, which would in turn allow the Group to provide our customers with better quality services and elevate the Group's brand reputation and image. Meanwhile, we are actively developing new models for business expansion. Through strategic cooperation with enterprises under the State-owned Assets Supervision and Administration Commission, we lay the foundation for business growth. By providing consulting services to small and medium-sized enterprises, we explore new growth opportunities of the operational business.

In terms of service quality, we have strengthened the implementation of activities such as reception days by quality supervision officers and general manager, and listening initiatives, to actively approach customers to understand their actual needs, thereby improving satisfaction in deed. In terms of smart services, the Group continues to market smart fire protection systems, smart security defense systems, smart traffic systems, smart sweeping robots, food delivery robots, etc., so as to provide more convenient and efficient comprehensive services to meet customer needs.

Regarding the smart services, we are fully committed to constructing a smart management platform that can seamlessly integrate with existing smart devices, aiming to achieve smart management, smart services, and smart decision-making, thereby enhancing service quality and operational capabilities. Regarding the value-added services, we are actively developing services such as home delivery, automotive services, and renovation services to meet the growing diverse and personalized needs of customers, aiming to make their lives more convenient and efficient.

Future Outlook

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

The Group will keep adhering to the "1+9" strategic guidance. Based on consolidating the basic services of "1", deepen and expand "9", focusing on "people", "things", "scenarios", etc., the Group will integrate community resources, carry out comprehensive layout, and vigorously develop community life service facilities to create a reputable, high-quality and sustainable multi-business and full-life service product platform, and increase customer coverage and usage through high-quality products, high-quality platforms and high-quality services.

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

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

FINANCIAL REVIEW

Revenue

For the Reporting Period, revenue of the Group amounted to approximately RMB182.1 million (2023 Interim Period: RMB165.8 million), representing an increase of 9.9% as compared with the 2023 Interim Period. The Group's revenue was derived from three major business lines: (i) property management services; (ii) value-added services mainly to property developers; and (iii) community value-added services.

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

	For the six months ended 30 June			
	2024		2023	
	(RMB in thousands, except for percentages)			
Property management services	**153,423**	**84.2%**	123,614	74.6%
Value-added services mainly to property developers	**18,099**	**10.0%**	31,731	19.1%
Community value-added services	**10,623**	**5.8%**	10,415	6.3%
Total	**182,145**	**100.0%**	165,760	100.0%

Property Management Services

During the Reporting Period, revenue from property management services amounted to approximately RMB153.4 million, representing an increase of 24.1% as compared with approximately RMB123.6 million in the 2023 Interim Period. As at 30 June 2023, the Group had a total GFA under management of approximately 18.0 million sq.m., representing an increase of 3.6 million sq.m. or 25.0% as compared with approximately 14.4 million sq.m. in the 2023 Interim Period. The increase was primarily attributable to the increase in business projects delivered by the Remaining Group.

A majority of our revenue from property management services is generated from services provided to properties developed by the Remaining Group. As at 30 June 2024, we had 57 properties under our management that were developed by the Remaining Group with a total GFA under the management of approximately 8.9 million sq.m..

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

	2024				2023			
	Number of projects	**GFA under management** *(sq.m'000)*	**Revenue** *(RMB'000)*	**Percentage**	Number of projects	GFA under management *(sq.m'000)*	Revenue *(RMB'000)*	Percentage
Remaining Group[(1)]	**57**	**8,862**	**98,270**	**64.1%**	43	7,119	80,102	64.8%
Joint ventures and associates of the Remaining Group[(2)]	**6**	**881**	**9,426**	**6.1%**	2	199	786	0.6%
Independent third-party property developers[(3)]	**60**	**8,287**	**45,727**	**29.8%**	58	7,068	42,726	34.6%
Total	**123**	**18,030**	**153,423**	**100.0%**	103	14,386	123,614	100.0%

Notes:

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

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

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

Our Geographical Presence

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

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

	For the six months ended 30 June			
	2024		2023	
	Number of projects	**GFA under management *(sq.m'000)***	Number of projects	GFA under management *(sq.m'000)*
Second-tier cities	**73**	**10,267**	65	8,334
Third-tier cities	**5**	**8,182**	2	585
Other cities	**45**	**6,945**	36	5,467
Total	**123**	**18,030**	103	14,386

Note:

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

Portfolio of Properties under Management

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

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

	2024				2023			
	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	**96**	**15,361**	**111,910**	**72.9%**	77	12,020	86,452	69.9%
Non-residential properties	**27**	**2,669**	**41,513**	**27.1%**	26	2,366	37,162	30.1%
Total	**123**	**18,030**	**153,423**	**100.0%**	103	14,386	123,614	100.0%

Value-added Services Mainly to Property Developers

We provide a range of value-added services mainly to property developers covering different stages of property development projects, which primarily comprise (i) sales office management services mainly including the provision of management services at property sales venues and display units of property developers, (ii) preliminary planning and design consultancy services to property developers and (iii) pre-delivery inspection services. During the Reporting Period, revenue from value-added services mainly to property developers amounted to approximately RMB18.1 million, representing a decrease of approximately 43.0% as compared with approximately RMB31.7 million in the 2023 Interim Period. The decrease were primarily attributable to the combined results of (i) a decrease of the sales office management services, and (ii) a decrease of the provision of sales office management services to the Remaining Group.

Community Value-added Services

We mainly provide community value-added services principally to property owners and residents of properties under our management, 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 under our management. During the Reporting Period, revenue from community value-added services was approximately RMB10.6 million, representing a slight increase of 2.0% compared with approximately RMB10.4 million in the 2023 Interim Period. This increase was primarily due to the increase of common area management services during the Reporting Period.

Cost of Sales

Our cost of sales primarily consists of (i) staff costs refer to the costs of our on-site staff directly providing property management services, value-added services mainly to property developers and community value-added services; (ii) expenses for cleaning and gardening services including cleaning, waste and sewerage charges; (iii) expenses for maintenance services and consumables including equipment repair expenses; and (iv) utilities expenses including water and electricities charges, office supplies for property management offices and communication charges. During the Reporting Period, the cost of sales of the Group was approximately RMB124.4 million, representing an increase of 13.3% as compared with the 2023 Interim Period. The growth rate of cost of sales was higher than that of revenue, mainly attributable to the continuous increase in staff cost. During the Reporting Period, staff costs included in the cost of sales were approximately RMB97.5 million, representing an increase of 19.9% as compared with approximately RMB81.3 million in the 2023 Interim Period.

Gross Profit and Gross Profit Margin

Based on the abovementioned factors, the gross profit of the Group was approximately RMB57.7 million for the Reporting Period, representing a slight increase of 3.1% as compared with approximately RMB56.0 million in the 2023 Interim Period.

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

	For the six months ended 30 June	
	2024	2023
Property management services	**30.0%**	31.2%
Value-added services mainly to property developers	**41.2%**	41.3%
Community value-added services	**40.1%**	41.5%
Total:	**31.7%**	33.8%

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 33.8% for the 2023 Interim Period to 31.7% in the Reporting Period. The decrease of gross profit margin was primarily due to the increase in staff costs, which resulted in a decrease in the gross profit margins of community value-added services and property management services during the Reporting Period.

Administrative expenses

Our administrative expenses reached approximately RMB37.4 million, representing an increase of 13.3% from approximately RMB33.0 million for the 2023 Interim Period, which was higher than that of revenue. The administrative expense ratio (administrative expense divided by revenue) was 20.5%, representing an increase of 0.6% compared to 19.9% of the 2023 Interim Period.

Income Tax Expenses

The income tax expenses of the Group decreased by 19.9% from approximately RMB6.0 million for the 2023 Interim Period to approximately RMB4.8 million for the Reporting Period. The effective income tax rate was 25.3% (2023 Interim Period: 28.1%), representing a decrease of 2.8% compared to the 2023 Interim Period.

Profit for the Period

As a result of the foregoing, the Group's net profit was approximately RMB14.3 million for the Reporting Period, representing a decrease of 7.5% as compared with approximately RMB15.4 million for the 2023 Interim Period. The net profit margin was 7.8%, representing a decrease of 1.5% as compared to 9.3% for the 2023 Interim Period.

The profit attributable to the owners of the parent decreased by approximately 6.7% from approximately RMB15.4 million for the 2023 Interim Period to approximately RMB14.4 million for the Reporting Period.

The basic and diluted earnings per share attributable to ordinary equity holders of the parent were RMB2.77 cents per share (2023 Interim Period: RMB2.97 cents per share).

Trade receivables and prepayments, other receivables and other assets

As at 30 June 2024, trade receivables and prepayments, other receivables and other assets amounted to approximately RMB194.3 million, representing an increase of approximately 14.1% from approximately RMB170.3 million as at 31 December 2023, which was primarily attributable to the scale expansion and business growth of the Group.

LIQUIDITY AND CAPITAL RESOURCES

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

The Group's principal sources of liquidity come from the proceeds from our business operations. Most of the Group's cash and cash equivalents are denominated in RMB, the balance of which amounts to approximately RMB148.2 million as at 30 June 2024, representing a decrease of approximately 16.4% from RMB177.3 million as at 31 December 2023.

As at 30 June 2024, the Group's current ratio (current assets divided by current liabilities) was 2.9 times (31 December 2023: 3.0 times). As at 30 June 2024, the Group did not have any bank borrowings and the gearing ratio (total borrowings divided by total equity) was nil.

Foreign exchange risk

Substantially all of the Group's revenues and expenditures are denominated in RMB. As at 30 June 2024, the Group has not entered into any hedging transactions. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign exchange rates and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL COMMITMENTS

As at 30 June 2024, the Group had no capital commitments.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 30 June 2024, the Company, its subsidiaries and associates did not have any financial guarantees, mortgage, guarantees for loans, nor other significant contingent liabilities.

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS

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

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no significant events of the Group after the Reporting Period and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group had 2,991 employees in total (30 June 2023: 2,845). 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

Based on the information available to the Company and the best knowledge of the Directors, at least 25% of the Company's total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), was held by the public at all times during the Reporting Period and as of the date of this announcement.

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

During the Reporting Period, neither the Company nor its subsidiaries have purchased, redeemed or sold any of its listed securities.

INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividend for the Reporting Period (2023 Interim Period: nil).

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company and preserving the shareholders' interests as a whole. The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix C1 to the Listing Rules as its own code to govern its corporate governance practices.

To the best knowledge of the Directors, the Company has complied with all applicable code provisions set out in the CG Code throughout the Reporting Period. The Board will continue to review and monitor the Company's practices to maintain a high standard of corporate governance.

AUDIT COMMITTEE

The Company has set up an audit committee ("**Audit Committee**") and adopted the terms of reference which complied with the CG Code. The chairperson of the Audit Committee is Mr. Chung Chong Sun. The other members are Mr. Liang Xinjun and Mr. Chiu Ngam. The Audit Committee comprised all of the three independent non-executive Directors. The Audit Committee has reviewed and discussed with the management of the Group the unaudited 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 condensed consolidated financial information for the Reporting Period has not been audited but has been reviewed by the Company's auditors, Ernst & Young in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information was approved and authorised for issue by the board of Directors on 23 August 2024.

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.

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

The People's Republic of China, 23 August 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.