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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1941)

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

INTERIM RESULTS HIGHLIGHTS

- For the six months ended 30 June 2023, the Group's total revenue was approximately RMB170.7 million, representing a slight decrease of approximately RMB1.4 million or about 0.8% as compared to that of approximately RMB172.1 million for the corresponding period in 2022. For the six months ended 30 June 2023, revenue generated from property management services, property developer related services and value-added services contributed approximately 86.5%, 1.8% and 11.7% to the total revenue, respectively.

- The revenue generated from the property management services segment was approximately RMB147.7 million, increased slightly by approximately 1.6% as compared to the corresponding period in 2022. As at 30 June 2023, the total revenue-bearing GFA under management was approximately 12.1 million sq.m., which is consistent with that as at 31 December 2022.

- The revenue generated from property developer related services was approximately RMB3.1 million, decreased by approximately 62.2% as compared with the corresponding period in 2022.

- The revenue generated from value-added services was approximately RMB19.9 million, increased by approximately 7.6% as compared with the corresponding period in 2022.

- The profit and total comprehensive income amounted to approximately RMB13.3 million, representing an increase of approximately 41.5% as compared with the corresponding period in 2022.

The Board announces the unaudited consolidated results of the Group for the six months ended 30 June 2023, with comparative figures for the six months ended 30 June 2022.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	NOTES	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	3	**170,728**	172,147
Cost of services		**(123,587)**	(123,061)
Gross profit		**47,141**	49,086
Other income	4	**965**	1,434
Other gains or losses	5	**261**	983
Administrative expenses		**(24,486)**	(23,870)
Impairment loss of trade and other receivables, net	11	**(3,890)**	(2,667)
Impairment loss of amounts due from related parties	12	**(941)**	(12,793)
Selling expenses		**(2,457)**	(568)
Interests on lease liabilities		**(5)**	(7)
Profit before tax	7	**16,588**	11,598
Income tax expense	6	**(3,243)**	(2,242)
Profit and total comprehensive income for the period		**13,345**	9,356
Profit and total comprehensive income for the period attributable to:			
– Owners of the Company		**13,336**	9,281
– Non-controlling interests		**9**	75
		13,345	9,356
Earnings per share *(RMB cent)*			
– Basic	9	**3.29**	2.29

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

	NOTES	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**39,692**	41,741
Intangible assets		**14,199**	15,754
Deferred tax assets		**14,348**	13,019
Right-of-use assets		**748**	898
Goodwill		**29,709**	29,709
		98,696	101,121
CURRENT ASSETS			
Properties held for sale	10	**5,712**	6,562
Trade and other receivables	11	**111,222**	86,447
Amounts due from related parties	12	**79,301**	82,524
Tax recoverable		**593**	4,380
Bank balances and cash	13	**153,888**	135,219
		350,716	315,132
CURRENT LIABILITIES			
Trade and other payables	14	**117,367**	126,423
Contract liabilities		**99,079**	69,141
Lease liabilities		**59**	60
Tax liabilities		**3,420**	4,161
		219,925	199,785
NET CURRENT ASSETS		**130,791**	115,347
TOTAL ASSETS LESS CURRENT LIABILITIES		**229,487**	216,468
NON-CURRENT LIABILITIES			
Lease liabilities		**68**	130
Deferred tax liabilities		**3,300**	3,564
		3,368	3,694
NET ASSETS		**226,119**	212,774
CAPITAL AND RESERVES			
Share capital		**3,650**	3,650
Reserves		**221,806**	208,470
Total equity attributable to owners of the Company		**225,456**	212,120
Non-controlling interests		**663**	654
TOTAL EQUITY		**226,119**	212,774

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. GENERAL AND BASIS OF PREPARATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Cayman Islands Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) on 26 March 2019. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited on 13 March 2020.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than additional accounting policies resulting from application of new and amended Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2022.

Application of new and amended HKFRSs

In the current interim period, the Group has applied the following new and amended HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 and the Related Amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the new and amended HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods or on the disclosures set out in these condensed consolidated financial statements.

Amended HKFRSs in issue but not yet effective

The following amendments to HKFRSs have been issued but are not effective for the financial year beginning on 1 January 2023 and have not been early adopted by the Group:

Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related Amendments to Hong Kong Interpretation 5 and Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Immediately effective for the disclosure of the use of mandatory temporary exception (from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes) upon issuance of the amendments and retrospectively. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023

2 Effective for annual periods beginning on or after 1 January 2024

3 Effective for annual periods beginning on or after a date to be determined

The Group is assessing the full impact of the amendments to HKFRSs.

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Types of goods or services		
Property management services	**147,707**	145,385
Property developer related services	**3,073**	8,249
Value-added services	**19,948**	18,513
	170,728	172,147
Types of customers		
External customers	**166,950**	162,585
Fellow subsidiaries	**3,778**	9,562
	170,728	172,147
Timing of revenue recognition		
Over time	**162,535**	153,634
A point in time	**8,193**	18,513
	170,728	172,147

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

4. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Bank interest income	**593**	869
Others	**372**	565
	965	1,434

5. OTHER GAINS OR LOSSES

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Government subsidy	**6**	646
Net exchange gain	**344**	610
Others	**(89)**	(273)
	261	983

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax		
PRC Enterprise Income Tax	**4,836**	6,371
Deferred tax	**(1,593)**	(4,129)
	3,243	2,242

7. PROFIT BEFORE TAX

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit before tax for the period has been arrived at after charging the following items:		
Depreciation for property, plant and equipment	**3,040**	3,196
Depreciation for right-of-use assets	**150**	171
Amortisation of intangible assets	**1,555**	1,556
Total depreciation and amortisation	**4,745**	4,923

8. DIVIDENDS

No dividend was paid, declared or proposed for the six months ended 30 June 2022. The directors of the Company have resolved that no dividend will be paid for the six months ended 30 June 2023.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**13,336**	9,281
	Number of shares	*Number of shares*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**405,310,000**	405,310,000

No diluted earnings per share was presented for the six months ended 30 June 2023 and 2022 as there were no potential ordinary shares in issue during the periods.

10. PROPERTIES HELD FOR SALE

Properties held for sale represent 168 (as at 31 December 2022: 193) units of car parks acquired by the Group which are held for sale, they are initially stated at costs and subsequently carried at the lower of cost and net realisable value.

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

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

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

11. TRADE AND OTHER RECEIVABLES

	NOTE	**As at 30 June 2023** *RMB'000* **(unaudited)**	As at 31 December 2022 *RMB'000* (audited)
Trade receivables		**113,605**	82,632
Less: allowance for credit losses		**(17,872)**	(13,915)
		95,733	68,717
Other receivables:			
Refundable Deposits	(a)	**30,566**	30,566
Deposits		**882**	435
Prepayments		**4,076**	8,684
Payments on behalf of residents		**4,290**	4,717
Advances to staff		**4,643**	2,322
Others		**1,715**	1,756
Less: allowance for credit losses		**(30,683)**	(30,750)
		15,489	17,730
Total trade and other receivables		**111,222**	86,447

Note:

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

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

In February 2023, the Group had become aware that according to a civil ruling issued by Xinwu District People's Court, Wuxi City, Jiangsu Province, an application for the bankruptcy and liquidation of Counterparty had been accepted. For details, please refer to the Company's announcement dated 17 February 2023.

The Group engaged an external valuer to assess the expected credit loss ("ECL") on the Refundable Deposits and an allowance of RMB30,566,000 was made as at 30 June 2023 (as at 31 December 2022: RMB30,566,000), considered the maximum exposure to credit loss as the Counterparty is in liquidation.

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

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

The following is an ageing analysis of trade receivables, before the allowances for credit losses presented based on the date of demand note issued:

	As at 30 June 2023 *RMB'000* **(unaudited)**	As at 31 December 2022 *RMB'000* (audited)
0 to 60 days	**38,791**	32,029
61 to 180 days	**26,537**	17,229
181 to 365 days	**20,382**	14,349
1 to 2 years	**13,257**	6,851
2 to 3 years	**11,636**	9,978
Over 3 years	**3,002**	2,196
	113,605	82,632

12. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	NOTES	**As at 30 June 2023 RMB'000 (unaudited)**	As at 31 December 2022 RMB'000 (audited)
Due from fellow subsidiaries			
Trade nature	(a)	**118,821**	119,551
Less: allowance for credit losses	(c)	**(39,520)**	(38,162)
		79,301	81,389
Non-trade nature	(b)	**–**	1,552
Less: allowance for credit losses	(c)	**–**	(417)
		–	1,135
Total		**79,301**	82,524

Notes:

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

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

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

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

On 11 and 12 May 2022, Beijing Hongkun Weiye Real Estate Development Co. Ltd ("Hongkun Weiye"), the holding company of the related parties, announced that 14.75% of its guaranteed senior notes was in default in payment of the accrued interest. On the other hand, the default in payment of interest triggered the default of three other bonds issued by Hongkun Weiye. Up to the date of this announcement, Hongkun Weiye had not reached any settlement agreement with the bond/note holders. As a result of the above events, the Group considered that the risk of default by Hongkun Weiye increased and classified as Stage 2, therefore a loss allowance of RMB39,520,000 was made as at 30 June 2023 (as at 31 December 2022: RMB38,579,000).

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

	As at 30 June 2023 *RMB'000* **(unaudited)**	As at 31 December 2022 *RMB'000* (audited)
0 to 60 days	**2,174**	7,036
61 to 180 days	**1,830**	11,800
181 to 365 days	**24,354**	10,775
1 to 2 years	**41,823**	49,276
2 to 3 years	**38,939**	32,375
Over 3 years	**9,701**	8,289
	118,821	119,551

13. BANK BALANCES AND CASH

The bank balances carry interest at variable rates with an average interest rate of 0.25% for the six months ended 30 June 2023 (year ended 31 December 2022: 0.35%) per annum.

14. TRADE AND OTHER PAYABLES

	As at 30 June 2023 *RMB'000* **(unaudited)**	As at 31 December 2022 *RMB'000* (audited)
Trade payables	**29,049**	43,852
Other payables:		
Receipts on behalf of residents	**18,400**	10,453
Deposits received	**36,764**	36,358
Accrued staff costs	**20,186**	21,064
Accrued contribution to social insurance and housing provident funds	**6,426**	6,547
Other tax payables	**3,523**	5,396
Accrued expenses	**2,881**	1,851
Other payables	**138**	902
Total other payables	**88,318**	82,571
Total trade and other payables	**117,367**	126,423

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

	As at 30 June 2023 ***RMB'000*** **(unaudited)**	As at 31 December 2022 *RMB'000* (audited)
Within 1 year	**22,850**	39,421
1–2 years	**2,391**	4,219
2–3 years	**3,596**	39
Over 3 years	**212**	173
	29,049	43,852

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business Overview

The Group is a reputable property management service provider offering comprehensive property management and related services for residential and non-residential properties in the PRC. Its parent group, Hongkun Group, is a leading property developer in the Beijing-Tianjin-Hebei Region and has been ranked among the Top 100 Property Developers in the PRC* (中國房地產開發企業百強). The Group had been ranked one of the Top 100 Property Management Companies in the PRC* (中國物業服務百強企業) by China Index Academy* (中國指數研究院) for six consecutive years since 2016 and ranked 40th among the Top 100 Property Management Companies in the PRC* (中國物業服務百強企業) in 2021. Through upholding the Group's service philosophy of "creating an enjoyable living environment" (讓人們住得開心) and the dedication to the Group's core values of "friendliness, persistence, innovation and excellence" in delivering its services, the Group envisions to become an outstanding property management service provider in the PRC. As at 30 June 2023, the Group provided property management services to properties spanning across 15 cities in the Beijing-Tianjin-Hebei Region, Hainan Province, Hubei Province, Anhui Province, Jiangsu Province and Shanghai, managing a total revenue-bearing GFA of 12.1 million sq.m., comprising 56 residential properties (with over 90,000 units in total) and 13 non-residential properties.

For the six months ended 30 June 2023, the Company generated revenue of approximately RMB170.7 million, representing a slight decrease of approximately 0.8% as compared with the corresponding period in 2022; realised gross profit of approximately RMB47.1 million, representing a slight decrease of about 4.1% as compared with the corresponding period in 2022. The profit and total comprehensive income amounted to approximately RMB13.3 million, representing an increase of approximately 41.5% as compared with the corresponding period in 2022. The gross profit margin and net profit margin for the six months ended 30 June 2023 were 27.6% and 7.8%, respectively, representing a decrease of 0.9 percentage points and an increase of 2.3 percentage points as compared with the corresponding period in 2022, respectively.

As at 30 June 2023, the Group's contracted GFA was approximately 15.4 million sq.m., and the total revenue-bearing GFA under management exceeded 12.1 million sq.m., which is consistent with that as at 31 December 2022; the number of the Group's managed residential property projects was 56, with a total revenue-bearing GFA of approximately 11.3 million sq.m., accounting for 92.9% of total revenue-bearing GFA; the number of the Group's managed non-residential property projects was 13, with a total revenue-bearing GFA of approximately 0.9 million sq.m., accounting for 7.1% of the total revenue-bearing GFA.

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

	As at 30 June	
	2023	2022
Residential Properties		
Contracted GFA *('000 sq.m.) (Note)*	**13,241**	12,738
Revenue-bearing GFA *('000 sq.m.)*	**11,286**	10,688
Number of properties managed	**56**	54
Non-residential Properties		
Contracted GFA *('000 sq.m.) (Note)*	**2,109**	1,669
Revenue-bearing GFA *('000 sq.m.)*	**859**	1,140
Number of properties managed	**13**	18
Total		
Contracted GFA *('000 sq.m.) (Note)*	**15,350**	14,407
Revenue-bearing GFA *('000 sq.m.)*	**12,145**	11,828
Number of properties managed	**69**	72

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

FUTURE OUTLOOK

As the epidemic has passed, the property management industry is gradually returning to organic development and is restructuring its value system. Under the influence of changes in the macroeconomic environment and deep adjustments in upstream industries, our Group has never forgotten our vision to provide quality service and life. Based on standards and guided by demand, we adhere to refined services and standardized management and control, and firmly move forward in times of economic uncertainty, integrate our service into the better life of residence.

Move forward steadily with diversified expansion

As a "service provider for a better life", in the context of accelerating industry change and intensifying market competition, our Group adheres to the principles of innovation, steadily moves forward, and maintains a strong development trend. Relying on our own management scale and the advantages of being business comprehensive, our Group pursues high-quality growth, actively deploys vertical tracks in segmented fields, and builds core advantages in residential property, commercial office property and other fields.

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

At the same time, in the context of increasingly fierce competition in the property management market, our Group actively expands value-added services continuously, including setting up different business departments and new subsidiaries to operate value-added services such as cleaning, greening, and elderly-caring delivery. We always adhere to innovation and are committed to utilizing advanced technology, combining our professional skills and scientific management concepts to improve service quality and expand our field.

Quality deeply cultivating and foundation strengthening

Adhering to the service concept of "creating an enjoyable living environment", our Group always adheres to customer-centric approach, continuously promotes the service capabilities of "standardized operation + professional service + market-oriented development", continuously builds a solid foundation for development, innovates service measures, forms a service closed loop through demand analysis, research and solution, innovative promotion, and feedback upgrading, and improves service standards and quality control systems.

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

The "family service system" of our Group is a transformation of traditional service models, a leap from "satisfactory service" to "touching service". It is a service model based on the individual needs, overall feeling, and service effectiveness of customers, characterized by quality, speed, warmth, all-round, and diversification.

At the same time, our Group requires service personnel to possess a brand new service philosophy, good service attitude, and excellent service quality. Full of familial and meticulous humanized services, creating a sense of happiness for people and making this sense of happiness a story. By implementing refined property management, we ensure that property owners are provided with appropriate and detailed services.

Beautiful life with an ecology of serving

In 2023, the property industry continues to break through service boundaries. Our Group actively explores the integration of property management and value-added services from the original perspective of basic services, achieving equal emphasis on basic property and value-added services. With community operation centers as the core and owner demand oriented, value-added services involve all aspects of owner life, establish a more harmonious service relationship with owners, enhance enterprise development momentum and brand strength, and further promote the development of socialized family service industry.

Looking forward to the work in the second half of 2023, in addition to ensuring business profitability, the Group will strengthen the established business standard system, collaborate with quality control to provide customer service butler training, and rely on the "family service system" to maintain a good business ledger for the elderly and children. On the basis of our current business, we will do a good job in expanding our diversified business services to fully meet the growing diverse living needs of our customers.

Value co-creation for community

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

Keeping the original intention, and striving for the future. In the second half of the year, Ye Xing Group will draw the blueprint to the end with more enthusiasm, high fighting spirit, and pragmatic style, create new achievements that are worthy to the enterprise and oneself, strive for progress, strive for excellence, and complete the pre-determined annual goals and tasks with excellence. The Group will continue to regard quality as the primary force, continuously expand service boundaries, integrate more space and formats, explore new development paths and growth points, achieve high-quality and sustainable development, and continuously create value for society.

FINANCIAL REVIEW

Results of Operations

The Group's revenue was mainly derived from property management services, property developer related services and value-added services. For the six months ended 30 June 2023, the Group's total revenue was approximately RMB170.7 million, representing a slight decrease of approximately RMB1.4 million or approximately 0.8% as compared to that of approximately RMB172.1 million for the corresponding period in 2022. For the six months ended 30 June 2023, the revenue generated from property management services, property developer related services and value-added services contributed approximately 86.5%, 1.8% and 11.7% to the total revenue, respectively.

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

	Six months ended 30 June			
	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
	(unaudited)		(unaudited)	
Property management services	**147,707**	**86.5%**	145,385	84.4%
Property developer related services	**3,073**	**1.8%**	8,249	4.8%
Value-added services	**19,948**	**11.7%**	18,513	10.8%
Total	**170,728**	**100.0%**	172,147	100.0%

Property Management Services

The revenue generated from property management services was approximately RMB147.7 million for the six months ended 30 June 2023, slightly increased by approximately RMB2.3 million, or about 1.6% as compared to the corresponding period in 2022. The revenue of property management services generated from residential properties was approximately RMB120.8 million, slightly increased by approximately RMB4.6 million or about 4.0% as compared to the corresponding period in 2022. Such increase was mainly due to the increase in number of our projects under management and total revenue-bearing GFA; and 2 newly delivered residential properties during the period, which generated a total revenue of approximately RMB0.7 million. The revenue of property management services generated from non-residential properties was approximately RMB26.9 million, decreased by approximately RMB2.3 million or about 7.9% as compared to the corresponding period in 2022, primarily because of the service agreements of 5 non-residential properties expired during the period but not extended by us. The total revenue-bearing GFA under management increased slightly from approximately 11.8 million sq.m. as at 30 June 2022 to approximately 12.1 million sq.m. as at 30 June 2023.

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

	As at/Six months ended 30 June							
	2023				2022			
	Revenue-bearing GFA		**Revenue**		Revenue-bearing GFA		Revenue	
	'000 sq.m.	***%***	***RMB'000*** **(unaudited)**	***%***	*'000 sq.m.*	*%*	*RMB'000* (unaudited)	*%*
Residential properties	**11,286**	**92.9%**	**120,769**	**81.8%**	10,688	90.4%	116,171	79.9%
Non-residential properties	**859**	**7.1%**	**26,938**	**18.2%**	1,140	9.6%	29,214	20.1%
	12,145	**100.0%**	**147,707**	**100.0%**	11,828	100.0%	145,385	100.0%

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

	As at/Six months ended 30 June							
	2023				2022			
	Revenue-bearing GFA		**Revenue**		Revenue-bearing GFA		Revenue	
	'000 sq.m.	***%***	***RMB'000*** **(unaudited)**	***%***	*'000 sq.m.*	*%*	*RMB'000* (unaudited)	*%*
Hongkun Group	**9,473**	**78.0%**	**133,109**	**90.1%**	8,942	75.6%	129,115	88.8%
Third party property developers	**2,672**	**22.0%**	**14,598**	**9.9%**	2,886	24.4%	16,270	11.2%
	12,145	**100.0%**	**147,707**	**100.0%**	11,828	100.0%	145,385	100.0%

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

	As at/Six months ended 30 June							
	2023				2022			
	Revenue-bearing GFA		Revenue		Revenue-bearing GFA		Revenue	
	'000 sq.m.	%	*RMB'000* (unaudited)	%	*'000 sq.m.*	%	*RMB'000* (unaudited)	%
Beijing	**2,638**	**21.8%**	**48,343**	**32.7%**	2,698	22.9%	50,907	35.0%
Tianjin	**1,550**	**12.8%**	**26,009**	**17.6%**	1,331	11.3%	22,495	15.5%
Hebei Province	**3,475**	**28.6%**	**39,839**	**27.0%**	3,426	29.0%	39,620	27.3%
Beijing-Tianjin-Hebei Region	**7,663**	**63.2%**	**114,191**	**77.3%**	7,455	63.2%	113,022	77.8%
Hainan Province	**594**	**4.9%**	**4,596**	**3.1%**	515	4.3%	4,615	3.2%
Hubei Province	**784**	**6.5%**	**9,554**	**6.5%**	716	6.0%	8,257	5.7%
Shaanxi Province	**–**	**–**	**–**	**–**	42	0.4%	1,425	1.0%
Anhui Province	**379**	**3.1%**	**2,920**	**2.0%**	274	2.3%	2,561	1.8%
Jiangsu Province	**2,713**	**22.2%**	**15,265**	**10.3%**	2,713	22.8%	14,895	10.1%
Shanghai	**–**	**–**	**615**	**0.4%**	92	0.8%	301	0.2%
Guangdong Province	**12**	**0.1%**	**566**	**0.4%**	–	–	–	–
Jiangxi Province	**–**	**–**	**–**	**–**	21	0.2%	309	0.2%
	12,145	**100.0%**	**147,707**	**100.0%**	11,828	100.0%	145,385	100.0%

Property Developer Related Services

The revenue generated from property developer related services decreased by approximately RMB5.1 million or about 62.2% from approximately RMB8.2 million for the six months ended 30 June 2022 to approximately RMB3.1 million for the six months ended 30 June 2023. The revenue generated from sales assistance services for the six months ended 30 June 2023 was approximately RMB2.5 million, representing a decrease of approximately RMB4.5 million or about 64.3% as compared with the corresponding period in 2022; the revenue generated from pre-delivery cleaning and preparation services for the six months ended 30 June 2023 was approximately RMB0.1 million, representing a decrease of approximately RMB0.2 million or about 66.7% as compared with the corresponding period in 2022; the revenue generated from post-delivery maintenance services for the six months ended 30 June 2023 was approximately RMB0.2 million, representing a decrease of approximately RMB0.8 million or about 80.0% as compared with the corresponding period in 2022; and the revenue generated from planning and design consultancy and inspection services for the six months ended 30 June 2023 was approximately RMB0.3 million (corresponding period in 2022: nil).

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

	As at/Six months ended 30 June					
	2023			2022		
	Number of projects	**Revenue**		Number of projects	Revenue	
		RMB'000	%		*RMB'000*	%
		(unaudited)			(unaudited)	
Beijing	**–**	**–**	**–**	1	223	2.8%
Tianjin	**3**	**973**	**31.7%**	6	2,645	32.0%
Hebei Province	**3**	**1,610**	**52.4%**	8	4,018	48.6%
Beijing-Tianjin-Hebei Region	**6**	**2,583**	**84.1%**	15	6,886	83.4%
Hainan Province	**1**	**192**	**6.2%**	1	459	5.6%
Hubei Province	**1**	**61**	**2.0%**	2	904	11.0%
Anhui Province	**1**	**237**	**7.7%**	–	–	–
	9	**3,073**	**100.0%**	18	8,249	100.0%

Value-added Services

The revenue generated from value-added services increased by approximately RMB1.4 million or about 7.6% from approximately RMB18.5 million for the six months ended 30 June 2022 to approximately RMB19.9 million for the six months ended 30 June 2023. The increase was mainly due to the increase in number of projects managed, and our Group has invested more resources including setting up a team to expand the value-added services.

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

	Six months ended 30 June			
	2023		2022	
	RMB'000	%	*RMB'000*	%
	(unaudited)		(unaudited)	
Home living services *(Note 1)*	**7,761**	**38.9%**	4,741	25.6%
Leasing of common areas *(Note 2)*	**11,595**	**58.1%**	13,032	70.4%
Others	**592**	**3.0%**	740	4.0%
	19,948	**100.0%**	18,513	100.0%

Notes:

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

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

Cost of Services

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

Our cost of services increased slightly by approximately RMB0.5 million or about 0.4% from approximately RMB123.1 million for the six months ended 30 June 2022 to approximately RMB123.6 million for the six months ended 30 June 2023.

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

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2023, the gross profit of the Group was approximately RMB47.1 million, representing a slight decrease of approximately RMB2.0 million or approximately 4.1% as compared to approximately RMB49.1 million for the six months ended 30 June 2022. The gross profit margin was 27.6% for the six months ended 30 June 2023 and 28.5% for the six months ended 30 June 2022. The decrease in gross profit margin was mainly due to the increase in weighting of revenue from residential properties projects which had relatively low gross profit margin as compared with non-residential properties projects.

Selling Expenses and Administrative Expenses

Our selling expenses primarily consist of (i) promotional expenses; (ii) salaries and allowances for our sales personnel; and (iii) travelling expenses and entertainment expenses. The total selling expenses of the Group for the six months ended 30 June 2023 were approximately RMB2.5 million, representing an increase of approximately RMB1.9 million or about 316.7% as compared to approximately RMB0.6 million for the six months ended 30 June 2022. The increase was mainly because we expanded our business team and increased the advertising budget to promote our value-added service business.

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

For the six months ended 30 June 2023, the administrative expenses of the Group were approximately RMB24.5 million, representing an increase of approximately RMB0.6 million or about 2.5% as compared to approximately RMB23.9 million for the six months ended 30 June 2022. The increase was mainly due to the increase in professional fees.

Other Income

For the six months ended 30 June 2023, other income of the Group amounted to approximately RMB1.0 million, representing a decrease of approximately RMB0.4 million or about 28.6% as compared to approximately RMB1.4 million for the six months ended 30 June 2022. The decrease was mainly due to the decrease of bank interest income of approximately RMB0.3 million.

Income Tax Expenses

For the six months ended 30 June 2023, the income tax expenses of the Group were approximately RMB3.2 million (six months ended 30 June 2022: approximately RMB2.2 million).

Profit for the Period

For the six months ended 30 June 2023, the net profit of the Group was approximately RMB13.3 million, representing an increase of approximately RMB3.9 million or about 41.5% as compared to approximately RMB9.4 million for the six months ended 30 June 2022. The increase was primarily because the impairment loss of amount due from related parties decreased significantly by approximately RMB11.9 million or about 93.0% to approximately RMB0.9 million for the period from approximately RMB12.8 million for the corresponding period in 2022.

Financial Position

As at 30 June 2023, the total assets of the Group were approximately RMB449.4 million (as at 31 December 2022: approximately RMB416.3 million), and the total liabilities were approximately RMB223.3 million (as at 31 December 2022: approximately RMB203.5 million). As at 30 June 2023, the current ratio was 1.6 (as at 31 December 2022: 1.6).

As at 30 June 2023 and 31 December 2022, the Group had no outstanding bank borrowings and undrawn banking facilities.

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

Property, Plant and Equipment

Our property, plant and equipment included (i) the building for our staff quarters; and (ii) our furniture, fixtures and equipment in our office premises and management offices and sites. Our property, plant and equipment was approximately RMB39.7 million as at 30 June 2023, representing a decrease of approximately RMB2.0 million or about 4.8% as compared with that of approximately RMB41.7 million as at 31 December 2022. It was primarily attributable to the depreciation charged for the six months ended 30 June 2023.

Intangible Assets

Our intangible assets were approximately RMB14.2 million as at 30 June 2023. Approximately RMB1.0 million was attributed to the mobile applications, Hongkunhui* (鴻坤薈) and H-Butler* (鴻管家) acquired from Hongkun Group in June 2019, which were initially measured at the cost of acquisition of RMB5.0 million and subsequently measured at the cost less accumulated amortisation (with a useful life of five years) and impairment losses and approximately RMB13.2 million was attributed to the acquisition of Jiangsu Wanhao, which were initially measured at approximately RMB16.9 million and subsequently measured at cost less accumulated amortisation (with a useful life of eight years) and impairment losses.

Right-of-use Assets

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

Our right-of-use assets decreased by approximately RMB0.2 million or about 22.2% from approximately RMB0.9 million as at 31 December 2022 to approximately RMB0.7 million as at 30 June 2023, which was primarily due to the depreciation charged for the six months ended 30 June 2023.

Goodwill

As at 30 June 2023, our goodwill was approximately RMB29.7 million (as at 31 December 2022: approximately RMB29.7 million). Goodwill was initially measured at cost, being the excess of sum of the consideration transferred over the net of amount of identifiable assets acquired and the liabilities assumed. The amount mainly represented goodwill acquired from acquisition of Jiangsu Wanhao in 2021.

Trade and Other Receivables

Our trade and other receivables increased by approximately RMB24.8 million or about 28.7% from approximately RMB86.4 million as at 31 December 2022 to approximately RMB111.2 million as at 30 June 2023, mainly due to the increase in trade receivables. Our trade receivables increased by approximately RMB27.0 million or about 39.3% from approximately RMB68.7 million as at 31 December 2022 to approximately RMB95.7 million as at 30 June 2023, mainly due to the nature of our business that the peak of property fee collection is at the end of the year. Approximately RMB19.9 million of our trade receivables as at 30 June 2023 had been recovered as at the date of this announcement. The increase of trade receivables was partially offset by the decrease of prepayment of approximately RMB4.6 million.

Amounts Due from Related Parties and Fellow Subsidiaries

Trade nature amounts due from fellow subsidiaries

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

Our trade nature amounts due from fellow subsidiaries decreased by approximately RMB2.1 million or about 2.6% from approximately RMB81.4 million as at 31 December 2022 to approximately RMB79.3 million as at 30 June 2023, which was mainly because impairment loss of approximately RMB1.4 million was recognised during the six months ended 30 June 2023.

Non-trade nature amounts due from fellow subsidiaries

Our non-trade nature amounts due from fellow subsidiaries of approximately RMB1.1 million and nil as at 31 December 2022 and 30 June 2023 respectively were unsecured, interest-free and repayable on demand.

The Directors confirmed that, other than the above-mentioned security deposit arising from the acquisition of business, we do not have any non-trade related balances with related parties (including our fellow subsidiaries) after the Listing.

Trade and Other Payables

As at 30 June 2023, the trade and other payables were approximately RMB117.4 million, representing a decrease of approximately RMB9.0 million or approximately 7.1% as compared to that of approximately RMB126.4 million as at 31 December 2022, mainly because our trade payables decreased by approximately RMB14.9 million or about 33.9% to approximately RMB29.0 million as at 30 June 2023 (as at 31 December 2022: approximately RMB43.9 million). In view of the increasing weighting of subcontracting costs, we have restored the settlement speed with suppliers to that before the COVID-19 pandemic, in order to maintain the relationship with suppliers and bargain better prices.

Contract Liabilities

Our contract liabilities primarily represented the payments in advance from our customers for the provision of our property management services. Pursuant to the signed property management service agreements, we usually charge property owners and residents a fixed fee by issuing demand notes, which are generally required to be paid in advance on an annual basis for residential properties and in advance on a monthly or quarterly basis for non-residential properties. Our contract liabilities increased by approximately RMB30.0 million or about 43.4% to approximately RMB99.1 million as at 30 June 2023 (as at 31 December 2022: approximately RMB69.1 million). The increase was mainly due to the increase in number of properties managed and revenue-bearing GFA.

Contingent Liabilities

As at 30 June 2023, we did not have any material contingent liabilities.

Liabilities to Assets Ratio

Liabilities to assets ratio is calculated based on the total liabilities divided by the total assets. Liabilities to assets ratio remained stable at 0.50 as at 30 June 2023 and 0.49 as at 31 December 2022, respectively.

Asset Pledged

As at 30 June 2023, none of the assets of the Group was pledged.

Proceeds from the Listing

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

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

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

	As at 30 June 2023				
Intended usage	**Actual amount of net proceeds** *(HK$ million)*	**Approximate percentage**	**Proceeds utilised** *(HK$ million)*	**Proceeds not yet utilised** *(HK$ million)*	**Proceeds planned to be utilised in 2023** *(HK$ million)*
Expansion of geographic presence and scale of operations in the PRC	84.1	65.0%	47.0	37.1	37.1
Development and enhancement of our information system and technological initiatives	16.9	13.0%	3.2	13.7	13.7
Expansion of our value-added services	12.9	10.0%	4.2	8.7	8.7
Staff development	2.6	2.0%	1.0	1.6	1.6
General working capital	12.9	10.0%	5.7	7.2	7.2
Total	129.4	100.0%	61.1	68.3	68.3

As at 30 June 2023, the Company has utilized part of such proceeds according to the use as set out in the Prospectus. Approximately RMB47.0 million, representing approximately 36.3% of the actual amount of net proceeds, was utilized for expansion of geographic presence and scale of operations in the PRC, including acquiring Jiangsu Wanhao; approximately RMB3.2 million, representing approximately 2.5% of the actual amount of net proceeds, was utilized for development and enhancement of our information system and technological initiatives, including building up a resident communication database and upgrading the management fee collecting system; approximately RMB4.2 million, representing approximately 3.2% of the actual amount of net proceeds, was utilized for expansion of our value-added services, including setting up a business development team; approximately RMB1.0 million, representing approximately 1.0% of the actual amount of net proceeds, was utilized for staff development, including strengthening staff learning, development and promoting of systems; and approximately RMB5.7 million, representing approximately 4.4% of the actual amount of net proceeds, was utilized for the general working capital.

Our Group has been actively identifying appropriate acquisition opportunities, however, due to the significant increase in the number of acquisitions in the property management industry recently, the uncertainty of acquisition pricing raised, we adopt a more cautious attitude towards the evaluation of acquisition targets. Therefore, our progress in utilizing the proceeds from the Listing was delayed comparing with the plan. The expected timeline for utilising the unutilized proceeds will be one year, which is based on our best estimation and will be subject to change according to market conditions. The unutilized proceeds as at 30 June 2023 were deposited in the bank accounts.

Significant Acquisitions and Disposals

During the six months ended 30 June 2023, the Group did not have any significant acquisitions and disposals of subsidiaries, associates or joint ventures.

Significant Investments

As at 30 June 2023, the Group did not have any significant investments.

DIVIDEND

No interim dividend was declared by the Board for the six months ended 30 June 2023 (for the six months ended 30 June 2022: nil).

EVENTS AFTER THE REPORTING PERIOD

There were no important events affecting the Group after 30 June 2023.

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

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Board confirms that the Company has maintained the public float as required by the Listing Rules as at the date of this announcement.

REVIEW OF INTERIM RESULTS

The unaudited interim results of the Group for the six months ended 30 June 2023 have been reviewed by the Audit Committee and by Crowe (HK) CPA Limited, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The report on review of the condensed consolidated financial statements by the auditor will be included in the Interim Report 2023 of the Company to be dispatched to the Shareholders.

CORPORATE GOVERNANCE PRACTICES

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

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

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

During the six months ended 30 June 2023, the Company has complied with all applicable code provisions set out in the Corporate Governance Code, except for the deviation from code provision C.2.1 of the Corporate Governance Code which requires that the roles of the chairman of the board and the chief executive officer should be separate and should not be performed by the same individual.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiries to all Directors, they confirmed that they have complied with the Model Code during the six months ended 30 June 2023.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hongkunwuye.com). The interim report of the Company for the six months ended 30 June 2023 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the above websites in due course.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below.

"Audit Committee"	the Board committee established by the Board to supervise the Company's accounting and financial reporting procedures and the Company's financial statements review
"Beijing Hongkun"	Beijing Hongkun Ruibang Property Management Company Limited* (北京鴻坤瑞邦物業管理有限公司), a limited liability company established under the laws of the PRC on 18 June 2003 and a wholly-owned subsidiary of the Company
"Board"	the board of Directors of our Company
"Company" or "our Company"	Ye Xing Group Holdings Limited (燁星集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 26 March 2019
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Director(s)"	the director(s) of the Company
"GFA"	gross floor area
"Group", "we", "us", "our" or "Ye Xing Group"	our Company and our subsidiaries, and Chinese entities controlled by the Company through contractual arrangements
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hongkun Group"	Hongkun Jituan Company Limited* (鴻坤集團有限公司) and its subsidiaries, associated companies and joint ventures
"Independent Third Party"	third party who is not connected with any of our Directors or controlling Shareholders or any of our subsidiaries or any of our respective associates (within the meaning of the Listing Rules)

"Jiangsu Wanhao"	Jiangsu Wanhao Property Management Co., Ltd.* (江蘇萬豪物業服務有限公司), a limited liability company incorporated in the PRC on 24 September 2003
"Listing"	the listing of Shares on the Stock Exchange on 13 March 2020
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Parent Group"	Beijing Herun Asset Management Company Limited* (北京合潤資產管理有限公司) and its subsidiaries, associated companies and joint ventures
"PRC" or "China"	the People's Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Prospectus"	the prospectus dated 28 February 2020 issued by the Company in relation to the Listing of its Shares on the Main Board of the Stock Exchange
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holder(s) of the Share(s)
"Shares"	ordinary shares in the share capital of the Company with nominal value of HK$0.01 each
"sq.m."	square meter
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 25 August 2023

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

* *For identification purpose only*