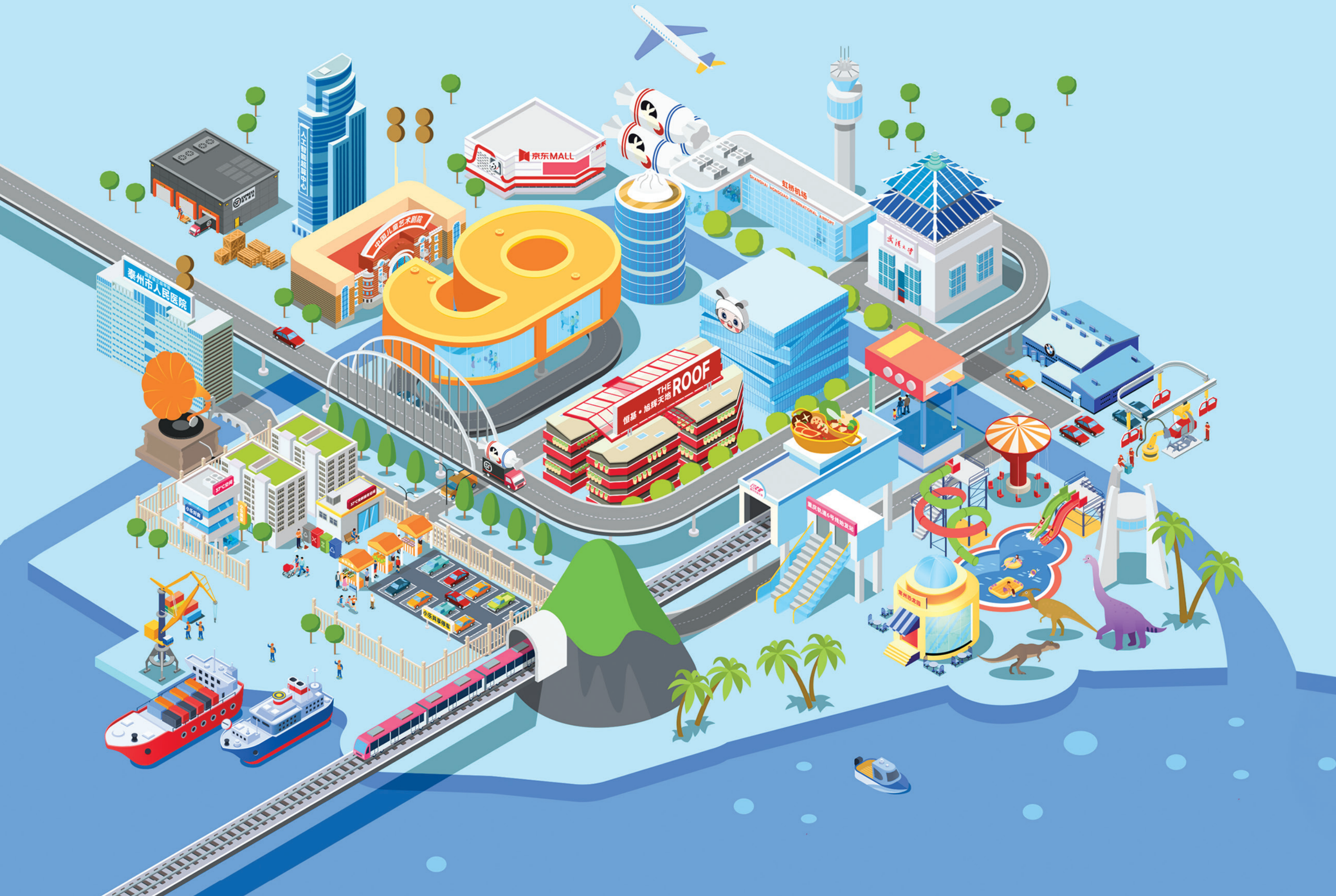
永升服务
EVER SUNSHINE SERVICES

用心構築美好生活

BUILDING BETTER LIVES

Grow into a customer - preferred smart city service brand



2024 ANNUAL REPORT

永升服务集团有限公司
Ever Sunshine Services Group Limited
(Incorporated in the Cayman Islands with limited liability)
Stock code: 01995

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. LIN Zhong *(Chairman)*
Mr. ZHOU Hongbin
Mr. ZHOU Di

Non-executive Director

Ms. CUI Xiaoqing

Independent Non-executive Directors

Mr. MA Yongyi
Mr. CHEUNG Wai Chung
Mr. YU Tiecheng

COMPANY SECRETARY

Ms. CHAN Yin Wah

AUTHORISED REPRESENTATIVES

Mr. LIN Zhong
Ms. CHAN Yin Wah

STRATEGY COMMITTEE

Mr. LIN Zhong *(Chairman)*
Ms. CUI Xiaoqing
Mr. ZHOU Hongbin
Mr. ZHOU Di

AUDIT COMMITTEE

Mr. CHEUNG Wai Chung *(Chairman)*
Mr. MA Yongyi
Mr. YU Tiecheng

REMUNERATION COMMITTEE

Mr. YU Tiecheng *(Chairman)*
Mr. LIN Zhong
Mr. MA Yongyi

NOMINATION COMMITTEE

Mr. LIN Zhong *(Chairman)*
Mr. YU Tiecheng
Mr. MA Yongyi

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN CHINA

6F, Building 5, Henderson CIFI Center
Lane 1088, Shenhong Road
Minhang District, Shanghai, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKS

China Construction Bank Shanghai Putuo Branch
8th Floor
95 Changshou Road
Putuo District, Shanghai, PRC

China Construction Bank Shanghai Nujiang Road Branch
Room 101
1006 Jinshajiang Road
Putuo District, Shanghai, PRC

Ningbo Bank Shanghai Huangpu Branch
37 Huanghe Road
Huangpu District
Shanghai, PRC

China Construction Bank Suzhou Gaoxin District Branch
95 Shishan Road
Gaoxin District
Suzhou, Jiangsu Province, PRC

AUDITOR

Prism Hong Kong Limited
(formerly known as Prism Hong Kong and Shanghai Limited)
Units 1903 -1905, 19/F, 8 Observatory Road
Tsim Sha Tsui
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

LEGAL ADVISOR

Sidley Austin

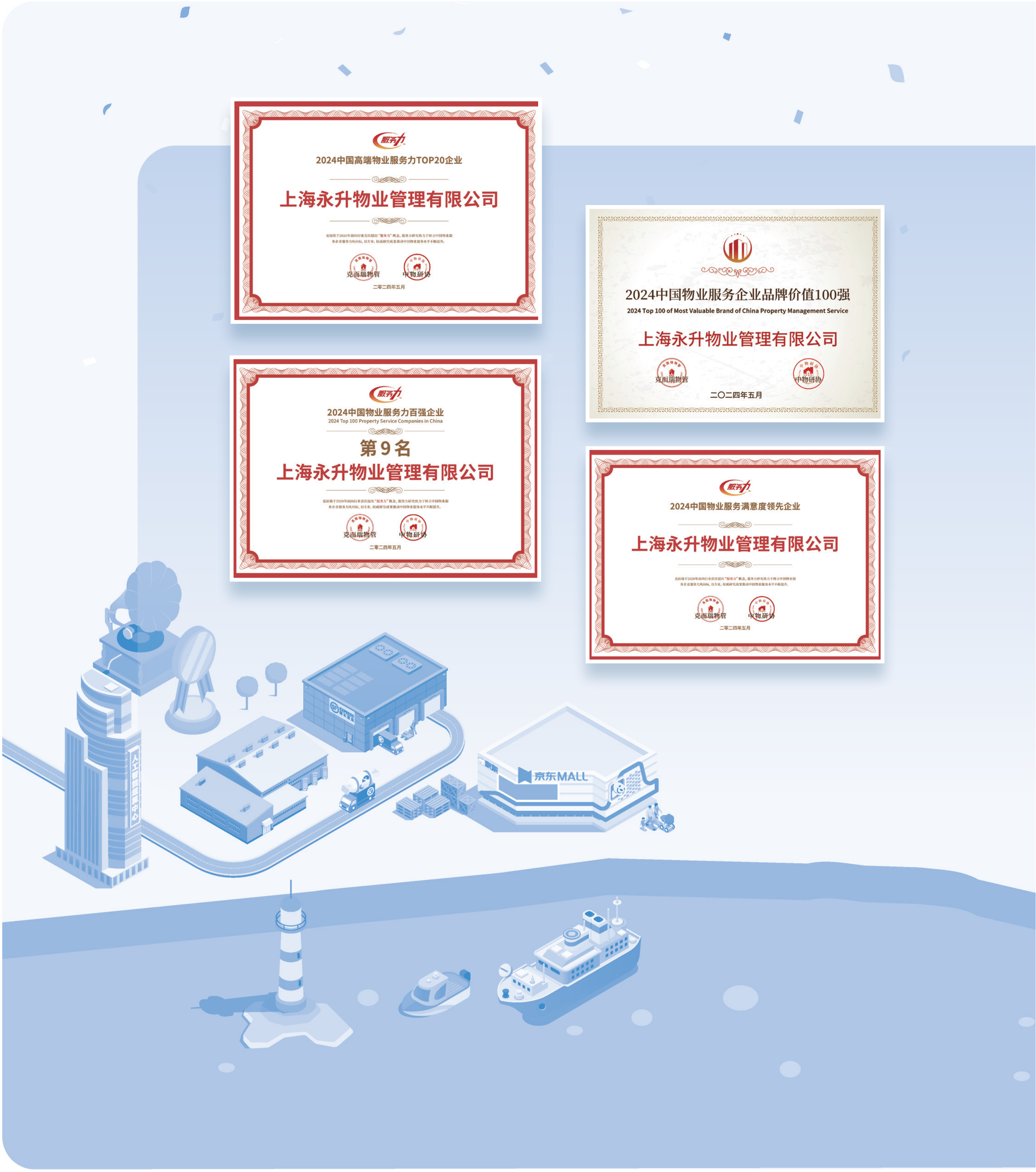
STOCK CODE

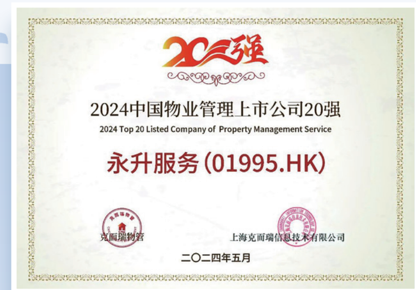
01995

WEBSITE

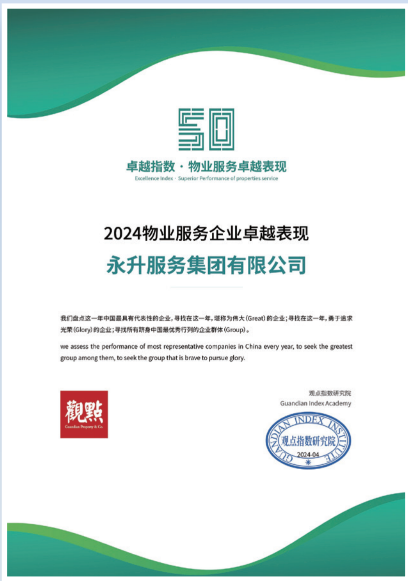
www.ysservice.com.cn

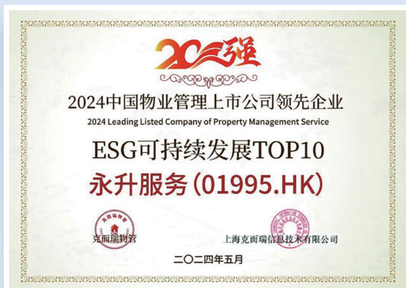
AWARDS AND HONORS




20强
2024中国物业管理上市公司20强
2024 Top 20 Listed Company of Property Management Service
永升服务(01995.HK)
克而瑞物管
上海克而瑞信息技术有限公司
二〇二四年五月


2024物业服务力上海市五十强
第1名
上海永升物业管理有限公司
克而瑞物管
中物研协


卓越指数 · 物业服务卓越表现
2024物业服务企业卓越表现
永升服务集团有限公司
我们盘点这一年中国最具有代表性的企业，寻找在这一年，堪称为伟大(Great)的企业；寻找在这一年，勇于追求光荣(Glory)的企业；寻找所有跻身中国最优秀行列的企业群体(Group)。
we assess the performance of most representative companies in China every year, to seek the greatest group among them, to seek the group that is brave to pursue glory.
觀點
Guandian Property & Co.
观点指数研究院
Guandian Index Academy
GUANDIAN INDEX INSTITUTE
观点指数研究院
2024-04


20强
2024中国物业管理上市公司领先企业
2024 Leading Listed Company of Property Management Service
ESG可持续发展TOP10
永升服务(01995.HK)
克而瑞物管
上海克而瑞信息技术有限公司
二〇二四年五月

DEFINITIONS

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings:

AGM	the annual general meeting of the Company to be convened and held on 22 May 2025
Articles or Articles of Association	the articles of association of the Company (as amended from time to time)
Audit Committee	the audit committee of the Company
associate(s)	has the meaning ascribed thereto under the Listing Rules
Best Legend	Best Legend Development (PTC) Limited (formerly known as Best Legend Development Limited), a private trust company limited by shares incorporated in the BVI on 20 April 2018 and wholly owned by Mr. Yu Chieh Jet (an employee of the Company who is not a connected person of the Company) as a special purpose vehicle to hold Shares as the trustee of the Best Legend Trust
Best Legend Trust	a trust established on 19 October 2018, with Best Legend being appointed as the trustee, for the purpose of a share award scheme adopted by Best Legend
Board or Board of Directors	the board of directors of the Company
Board Committees	collectively the Strategy Committee, the Remuneration Committee, the Nomination Committee, and the Audit Committee, and the "Board Committee" means any of them
Board Diversity Policy	the policy on Board diversity of the Company
BU	business unit
BVI	the British Virgin Islands
CG Code	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
China or PRC	the People's Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, references in this annual report to "China" and the "PRC" do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
CIFI Group	CIFI Holdings and its subsidiaries (excluding the Group)
CIFI Holdings	CIFI Holdings (Group) Co. Ltd. (旭輝控股(集團)有限公司) (stock code: 00884), an exempted company with limited liability incorporated in the Cayman Islands and the shares of which are listed on the Main Board

CIFI (PRC)	CIFI Group Co., Ltd. (旭輝集團股份有限公司) (formerly known as Shanghai Yongsheng Real Estate Co., Ltd. (上海永升置業有限公司) and CIFI Group Company Limited (旭輝集團有限公司)), a joint stock company with limited liability established in the PRC and an indirect wholly-owned subsidiary of CIFI Holdings
Company, Ever Sunshine, we or us	Ever Sunshine Services Group Limited (永升服务集团有限公司) (formerly known as CIFI Ever Sunshine Services Group Limited (旭辉永升服务集团有限公司)), a company incorporated in the Cayman Islands as an exempted company with limited liability on 16 April 2018 and the Shares of which are listed on the Main Board
Controlling Shareholder(s)	has the meaning ascribed thereto under the Listing Rules and, unless the context requires otherwise, collectively refers to Mr. Lin Zhong, Mr. Lin Feng, Mr. Lin Wei, Elite Force Development, CIFI Holdings, Xu Sheng and Spectron
Deed of Non-Competition	the deed of non-competition dated 26 November 2018 given by our Ultimate Controlling Shareholders in favor of the Company (for itself and as trustee for each of the subsidiaries)
Director(s)	director(s) of the Company
Elite Force Development	Elite Force Development Limited, a limited liability company incorporated in the BVI on 4 April 2018, one of our Controlling Shareholders and is owned as to 50% by Mr. Lin Zhong, 25% by Mr. Lin Feng and 25% by Mr. Lin Wei
FVTPL	fair value through profit and loss
GFA	gross floor area
Group	the Company and its subsidiaries
Hong Kong or HK	the Hong Kong Special Administrative Region of the PRC
Hong Kong dollars, HKD or HK$	Hong Kong dollars, the lawful currency of Hong Kong
Independent Third Party(ies)	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with the Company and its subsidiaries and its connected persons and its ultimate beneficial owner(s) or their respective associates
IPO	the initial public offering of the Company

Listing	the listing of the Shares on the Main Board
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
Main Board	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
Memorandum	the memorandum of association of the Company (as amended from time to time)
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
Nomination Committee	the nomination committee of the Company
Prospectus	the prospectus of the Company dated 4 December 2018
Remuneration Committee	the remuneration committee of the Company
Renminbi or RMB	the lawful currency of the PRC
Reporting Period	the period from 1 January 2024 to 31 December 2024
SFO	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Shareholder(s)	holder(s) of the Share(s)
Share(s)	ordinary share(s) with nominal value of HK$0.01 each in the share capital of the Company, which are traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange
Spectron	Spectron Enterprises Limited, a limited liability company incorporated in the BVI on 18 September 2014 and one of our Controlling Shareholders
sq.m.	square metres
Stock Exchange	The Stock Exchange of Hong Kong Limited
Strategy Committee	the strategy committee of the Company
substantial shareholder	has the meaning as ascribed thereto under the Listing Rules

Ultimate Controlling Shareholders	Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei
Xu Sheng	Xu Sheng Limited, a limited liability company incorporated in the BVI on 9 May 2011, a wholly-owned subsidiary of CIFI Holdings and one of our Controlling Shareholders
Yongsheng Property	Shanghai Yongsheng Property Management Co., Ltd.* (上海永升物業管理有限公司) (formerly known as Shanghai Yongsheng Property Management Company Limited (上海永升物業管理股份有限公司)), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company

* *For identification purposes only*

CHAIRMAN'S STATEMENT

Dear Shareholders:

Thank you for your continuous support for the evolution and development of the Group.

On behalf of the Board, I am pleased to present the annual report of the Group for the year ended 31 December 2024, summarizing the Group's achievements and shortcomings during the Reporting Period, while sharing the future plans and developments.

In 2024, the Group's revenue increased by approximately 4.6% to RMB6,841.1 million as compared with the year of 2023. In terms of revenue structure, revenue from property management services increased by 14.1% to RMB5,091.4 million, revenue from community value-added services decreased by 3.1% to RMB862.4 million, revenue from value-added services to non-owners decreased by 23.0% to RMB599.1 million, and revenue from city services decreased by 29.5% to RMB286.1 million, with the overall revenue structure of the four sectors being approximately 74.4%, 12.6%, 8.8% and 4.2%.

During the Reporting Period, gross profit increased by 7.6% to RMB1,348.7 million, resulting in a profit attributable to owners of the Company of RMB478.0 million, representing a year-on-year increase of 10.0%, and net cash inflow from operating activities amounted to RMB684.8 million, which was maintained as a positive cash flow.

During the Reporting Period, the Group's contracted GFA increased from 308.3 million sq.m. as at 31 December 2023 to 350.9 million sq.m. as at 31 December 2024, representing an increase of 13.8%, while the GFA under management increased from 221.4 million sq.m. as at 31 December 2023 to 250.6 million sq.m. as at 31 December 2024, representing an increase of 13.2%.

Objectivity Enables Us to Stay Composed and Calm, While Optimism Empowers Us to Move Forward Bravely

Every year when making the year-end summary, I, together with the management team, review the possible shape of Ever Sunshine in the future, and consider whether the trajectory of the Company's development during the year has been steadily advancing in accordance with our established strategy. As a practitioner in the industry for more than 20 years, I naturally understand that it is difficult to see any optimistic or even objective views on the property management service industry after the industry has encountered various difficulties for several years. The ambiguity of some local policies has put property owners and property management companies in a passive position; the economic downturn has increased the economic pressure on property owners, which in turn has led to more stress and friction for frontline service employees; the management of some companies in the industry has continued to be in turmoil for a variety of reasons; and there has been a widespread phenomenon of talent drain and low morale. However, the more we are in such a cycle, the more we feel a great sense of responsibility and the necessity of staying calm, taking action, and moving forward optimistically. Action is the only way out of the cycle, and it is only through development that we can solve problems.

For Ever Sunshine, 2024 was both a year of challenges and a year full of opportunities. Firstly, we bravely launched the Company's second five-year development plan. In the face of the complex and volatile macroeconomic environment and the downward cycle that the industry is in, we have always maintained our strategic determination, activated the vitality of organizational innovation to the greatest extent, faced various difficulties with a positive attitude, and steadily promoted the implementation of the Company's various strategies and its sustainable development. Over the past year, we have moved forward while exploring and grown amidst changes. We believe that these efforts have surely laid a solid foundation for the long-term development of the Company.

Implement Ever Sunshine's Development Strategy through In-Depth Strategic Cultivation

2024 is the first year of the Company's transformation from rapid strategic expansion to effective strategic deep cultivation. One year after the firm implementation of strategic deep cultivation, we clearly feel the great significance that this transformation has brought to the Company. It proves once again that under the relatively uncertain macro-environment, we are still able to effectively cope with this pressure through proactive strategic choices.

The essence of strategic city cultivation is to focus limited resources on core cities, and achieve breakthroughs in goals by concentrating efforts on key tasks. Changes in the market environment have forced us to move away from the "a large pond makes big fish (水大魚大)" development model of the industry in the past, and to embrace the challenges and competition of a higher dimension.

We laid out the city map and reviewed and evaluated the cities we had already entered and those we are about to develop from a number of dimensions, and after we finally identified approximately 100 target cities, we were determined to push ahead with the implementation of our strategy. Firstly, we took the initiative to withdraw from the cities that were no longer in line with the Company's strategy. There are often difficulties and resistance in making proactive choices, but after a lot of communication and evaluation, we reached a consensus internally, and the interests of the moment gave way to long-term healthy development. Then, we further classified the 100 cities in detail, clarifying our strengths and weaknesses in different cities, so as to act with a clear purpose and formulate "one-city, one strategy (一城一策)" targeted strategies and development goals.

Years of experience has concluded that as long as the city team is united enough, the core staff support each other, maintain morale and resilience, anchor the development goals, and firmly implement the Company's strategies according to the local conditions, it is not difficult to achieve the growth of the leading average. Therefore, we have established the "city iron triangle (城市鐵三角)" with the City General Manager as the core of the city team, with each person performing his or her own duties and cooperating with each other. This form of organization has shown good results after one year of operation, and has demonstrated strong combat capabilities. Meanwhile, the mechanism of relaxing the restrictions on city development and carrying out city-centred organizational evaluations has also greatly stimulated the vitality and innovation of the city team. Consequently, this year, we have witnessed remarkable performances from numerous cities, along with vivid and dynamic stories of organizational and individual development. For example, we have seen many cities making rapid breakthroughs in market expansion, breaking historical records that had remained unbreakable for years. It is no longer a single case that a single city can achieve external expansion and secure saturated contracts worth over RMB100 million.

Solve the Short - Term Challenges of the Era through Innovation and Efficiency Improvement

It is extremely necessary to set long - term goals in the development of an enterprise. Meanwhile, being realistic, practical, and respecting objective facts is also of particular importance. During the period of rapid real estate development and when the capital market gave high appraisals, the property management service industry received a great deal of praise. However, currently, the industry seems to be struggling due to the downturn in the real estate market and the difficulties in the macro - economy. The inherent characteristics of the property management industry still maintain a high degree of consistency and continuity. While leveraging its natural advantages such as low customer acquisition costs for business, stable cash flow, and favorable policies, we should not shy away from the difficulties in the industry at all. We must not choose to turn a blind eye or avoid facing them during the industry's downturn.

The most significant issues plaguing the industry remain the increase in labor costs and the difficulty of short-term upward adjustments in property management fees. The Company is faced with cost pressures, and it is challenging to raise employees' incomes. Moreover, the room for a systematic increase in property management fees has been frozen due to the short-term pressure of the economic downturn. It is believed that such a situation must be troubling the management of many industries. However, we are convinced that there must be viable solutions to these problems.

Over the past decade, the industry has achieved a certain degree of efficiency improvement in terms of process reengineering and the application of technology. However, on the one hand, the transformation of operational processes by technology is not thorough. On the other hand, the efficiency improvements brought about by mechanical tools and Internet of Things technology are limited and seem to have reached a ceiling. With artificial intelligence (AI) tools and humanoid robots once again coming into the public eye, we have every reason to believe that AI and robots will bring revolutionary changes to traditional industries. The resulting efficiency improvements will greatly alleviate the difficulties faced by multiple industries at present. Given the traditional labor-intensive characteristics of the property management industry, the depth, intensity, and potential for transformation will be well demonstrated. We have actively organized the Company's technology department to prepare for two tasks. We have had preliminary contacts with relevant companies specializing in robot research and development and carried out feasibility studies on the possible use of robots in community scenarios. It is believed that with the continuous iterative evolution of AI + robots through repeated calculations, we will witness the gradual deployment of robots in communities, creating value for property owners with more efficient and better service delivery models. As a new era dawns, Ever Sunshine is committed to being an active embracer of innovation.

Currently, we can also observe that the community value-added services, which were once highly anticipated, have now slumped. This situation is influenced by the prominent contradictions in the core business of property management, the drag of the downward macro-economy, and the trial-and-error from the industry's previous hasty development. However, cases from multiple mature projects indicate that the revenue from community value-added services equal to approximately 50% to 100% of that from property management services is not an isolated example. Instead, the number of such projects has been increasing year by year. We have gradually summed up our experience. Internally, we have been gradually shifting from the previous pattern of promoting multiple business lines simultaneously and launching new businesses across the board to focusing on strengthening the foundation in mature projects and increasing the penetration rate. In 2024, after a significant decline in the past two years, the community value-added services have significantly converged and gradually shown a trend of stabilizing. As the demand for scale expansion slows down, by meticulously operating in each community, we will have more energy to drive the community value-added services back to the growth track. This process requires patience, patience to refine each product that meets the needs of property owners, and patience to cultivate and build trust relationships with them.

Let those who can hear the gunfire make the final decisions. Facing the current various difficulties in the industry, another trump card of Ever Sunshine is to unleash the innovation power at the grassroots level. In 2024, we established the first Innovation Award, and fixed the outstanding innovative service methods and achievements in the form of "Ever Sunshine Patents". We encourage innovative behaviors from the perspective of mechanisms and systems, and ignite the creative enthusiasm of frontline employees.

Gradually Reduce Cyclical Businesses and Enhance the Ability to Withstand Cycles

Property management has an intricate connection with real estate development. It emerged during the real estate cycle and reaped a large number of short-term development dividends within the real estate development cycle. However, in the following years, it was almost entirely weighed down by the real estate cycle. According to the inherent characteristics of property management itself, "lightness" should be its original state. The business maintains a light asset model, offers high return on equity, and has a stable cash flow. Nevertheless, due to the increase in cyclical businesses, during the downward cycle, such businesses have become the biggest drag on the overall decline of the Company's performance. They have brought about extremely high management costs and negative external spillover effects.

Returning property management to its "light" state has been the established strategy implemented by Ever Sunshine over the past three years. We have continuously reduced business interactions related to real estate developers and adhered to carrying out business settlements in accordance with market operation methods. After three years of efforts, the proportion of relevant types of businesses has been reduced, no longer posing a significant impact on the Company's development. This has comprehensively enhanced the business's ability to withstand cycles.

In 2024, the revenue from property management services accounted for 74.4%, and the revenue from community value-added services accounted for 12.6%. The combined proportion of these two items reached 87.0%. In terms of the proportion of gross profit, it reached 94.8%, thus establishing an extremely stable structure for revenue and profit proportion.

Enhance Shareholders' Return and Endeavour to Create Value for Shareholders in The Long Term

As the industry enters a more mature new stage, in the reality of enterprise operation, the concentration of leading enterprises is continuously increasing, and the growth rate of the industry is gradually slowing down. Small and medium-sized enterprises are plagued by multiple challenges such as scale ceilings and talent drain. The corresponding performance in the capital market has also become a reflection of the actual operation. Leading enterprises enjoy exclusive attention and higher valuation premiums due to their good operation and shareholder returns. In contrast, small and medium-sized enterprises have fallen into a predicament of being ignored, with transactions almost at zero.

In 2024, Ever Sunshine put forward the proposal of increasing shareholder returns, which received unanimous support from the Board. Against the backdrop of relatively stable growth in the future, Ever Sunshine will, through various means, be committed to enhancing shareholder returns and strive to build itself into a model enterprise dedicated to creating value for shareholders and rewarding them. In 2024, Ever Sunshine repurchased 15,324,000 of its Shares and cancelled all the repurchased Shares on 19 July 2024. In 2024, we also actively promoted the Company to distribute dividends. In August 2024, the Company declared an interim dividend of HK$0.0839 per Share and a special dividend of HK$0.0336 per Share. Furthermore, the Board recommended the payment of a final dividend of HK$0.0668 per Share for the year ended 31 December 2024. Total dividend for the full year of 2024 will achieve HK$0.1843 per Share, representing a year-on-year increase of 35.1%, and account for approximately 61.1% of the profit attributable to owners of the Company for the year. The Company promptly transformed its business achievements into returns for shareholders.

Distinguished shareholders and partners, throughout our journey, every growth and breakthrough that Ever Sunshine has achieved after facing difficulties and challenges is inseparable from your trust and support. In the challenging market environment, it is you who have given us the confidence to move forward steadfastly. It is the shared belief with you in anchoring long - term value that has enabled us to always focus on the realization of strategic goals and the improvement of operational quality.

Over the past year, guided by the principles of "ensuring stable growth, adjusting the structure, and enhancing capabilities (穩增長、調結構、強能力)", we have achieved solid results in multiple business modules. Looking ahead, the Group will always adhere to the principles of "respecting the market, respecting professionalism, and respecting trust". We will stay true to our original aspiration of achieving high-quality growth, deepen the resilience of our business, optimize the mechanism for shareholder returns, and transform the support from all shareholders into an inexhaustible driving force for the sustainable development of the enterprise. We firmly believe that only by building a solid foundation for a win-win situation with stable performance and transparent communication can we live up to every trust placed in us.

We are grateful for your walking this journey with us, and let's venture forth, through mountains and seas together. Ever Sunshine is willing to join hands with you. On the path of long-termism, we will write warmer chapters of value.

BUSINESS REVIEW

Overview

We are a reputable and fast-growing comprehensive property management service provider in the PRC. As of 31 December 2024, we provided property management services, value-added services and city services in 101 cities in Mainland China, with a total contracted GFA of approximately 350.9 million sq.m., among which, we had a total GFA under management of approximately 250.6 million sq.m., serving more than 1,100,000 households.

Our business covers a broad spectrum of properties, including residential properties and non-residential properties, covering office buildings, shopping malls, school campus, hospitals, scenic spots, government-owned buildings, expressway stations, rail transit, and ferry terminals, etc. In addition, we also provide city services and other high-quality tailored services.

Adhering to the concept of "Building Better Lives", our core value is to let customer "be Trouble-Free, Worry-Free, and Discontent-Free (讓用戶省心、放心、開心)". We promote diversified development through technological innovation and adhere to the development strategy of "Platform + Ecosystem". Our mission is to provide comprehensive, caring and professional property management services to our customers and to grow into a customer-preferred smart city service brand.

Our Business Model

We operate four major business lines, namely (i) property management services; (ii) community value-added services; (iii) value-added services to non-property owners; and (iv) city services, which form a comprehensive service portfolio offering to our customers and cover the entire value chain of the property management industry.

1. Property management services: We provide a variety of property management services to property developers, property owners and residents, which primarily include cleaning, security, gardening and repair and maintenance services. We manage a portfolio of residential and non-residential properties. Our non-residential properties include office buildings, shopping malls, schools, hospitals, scenic spots, government-owned buildings, expressway service stations, rail transit and ferry terminals.

2. Community value-added services: We provide community value-added services to both property owners and residents with the aim of improving their living experiences, maintaining and enhancing their asset values. These services mainly cover (i) home-living services; (ii) parking unit management and leasing services; (iii) property agency services; and (iv) common area value-added services.

3. Value-added services to non-property owners: We provide a comprehensive range of value-added services to non-property owners, who primarily include property developers and, to a lesser extent, non-property developers who require certain additional tailored services in respect of their non-residential properties and property management services providers who outsource certain value-added services to us. Our value-added services to non-property owners mainly include (i) sales assistance services; (ii) additional tailored services; (iii) housing repair services; (iv) pre-delivery inspection services; and (v) preliminary planning and design consultancy services, which cover on-site inspection services for each unit to provide sufficient recommendations from the end-user's perspective.

4. City services: We can provide a wide range of city services. Such services mainly include (i) city environmental sanitation; (ii) waste sorting and treatment; (iii) installation of block facilities; (iv) landscaping project; (v) old communities renovation; and (vi) smart block construction.

Property Management Services

Continuous High Quality Development

We uphold our strategy of deepening city and insist on quality expansion as one of our strategic goals. During the year ended 31 December 2024, we have continuously optimized our management portfolio to achieve high-quality development of both contracted GFA and GFA under management.

As at 31 December 2024, our contracted GFA amounted to approximately 350.9 million sq.m. and the number of contracted projects was 1,833, representing an increase of approximately 13.8% and 9.2%, respectively as compared with 31 December 2023. As at 31 December 2024, the GFA under management amounted to approximately 250.6 million sq.m. and the number of projects under management was 1,457, representing an increase of 13.2% and 11.5%, respectively as compared with 31 December 2023.

The following table sets out the changes in our contracted GFA and GFA under management for the years ended 31 December 2024 and 2023, respectively:

	For the year ended 31 December			
	2024		2023	
	Contracted GFA (sq.m. '000)	GFA under management (sq.m. '000)	Contracted GFA (sq.m. '000)	GFA under management (sq.m. '000)
As at the beginning of the year	308,265	221,408	303,435	209,954
Additions[(1)]	83,421	58,848	46,611	42,118
Terminations[(2)]	(40,751)	(29,614)	(41,781)	(30,664)
As at the end of the year	350,935	250,642	308,265	221,408

Notes:

(1) With respect to our residential and non-residential projects under management, additions primarily included preliminary management contracts for new properties developed by real estate developers, property management service contracts pursuant to which we replaced the previous property management service providers, and property management contracts acquired through acquisitions of subsidiaries.

(2) These terminations included our voluntary non-renewals of certain property management services contracts as we reallocated our resources to more profitable engagements in order to optimize our property management portfolio.

Our Geographic Footprint

Since the Group's inception up to 31 December 2024, our geographic footprint has covered 101 cities in China, aiming at deep city penetration in pursuit of effective scale expansion.

The table below sets forth a breakdown, by geographic location, of our total GFA under management as at the dates indicated and the revenue generated from property management services for the years ended 31 December 2024 and 2023, respectively:

	As at or for the year ended 31 December					
	2024			2023		
	GFA sq.m. '000	Revenue RMB'000	%	GFA sq.m. '000	Revenue RMB'000	%
Eastern region[1]	143,126	3,168,285	62.2	125,422	2,836,483	63.5
Northern region[2]	32,933	591,600	11.6	22,072	433,882	9.7
Central Southern region[3]	37,983	663,414	13.0	37,810	566,519	12.7
Western region[4]	27,011	492,198	9.7	28,112	499,013	11.2
Northeastern region[5]	9,589	175,931	3.5	7,992	127,291	2.9
Total	250,642	5,091,428	100.0	221,408	4,463,188	100.0

Notes:

(1) Cities in the eastern region in which we have property management projects include Shanghai, Suzhou, Jiaxing, Hangzhou, Nanjing, Wuxi, Xiamen, Zhoushan, Zhangzhou, Rizhao, Liaocheng, Yangzhou, Lianyungang, Xuancheng, Jinhua, Chuzhou, Huzhou, Quanzhou, Zhenjiang, Zibo, Zunyi, Huaian, Wuhu, Huainan, Yantai, Shaoxing, Weihai, Suqian, Taizhou, Fuzhou, Yancheng, Weifang, Heze, Jining, Wenzhou, Taizhou, Fuyang, Dezhou, Xuzhou, Linyi, Nantong, Changzhou, Jinan, Dongying, Anqing, Ningbo, Binzhou, Qingdao and Hefei.

(2) Cities in the northern region in which we have property management projects include Beijing, Tianjin, Shijiazhuang, Taiyuan, Cangzhou, Tangshan, Langfang and Handan.

(3) Cities in the central southern region in which we have property management projects include Shenzhen, Foshan, Wuhan, Zhengzhou, Changsha, Nanyang, Jiangmen, Putian, Dali Bai Autonomous Prefecture, Guangzhou, Nanchang, Huanggang, Zhoukou, Huizhou, Guilin, Nanning, Yichang, Shaoyang, Zhuzhou, Xiangtan, Zhongshan, Shangqiu, Xuchang, Dongguan, Yueyang, Changde, Hengyang, Liuzhou and Luoyang.

(4) Cities in the western region in which we have property management projects include Xi'an, Chengdu, Chongqing, Baoji, Weinan, Luliang, Tianshui, Urumqi, Xiangyang, Xining, Zaozhuang, Yinchuan, Baiyin, Guiyang, Liupanshui and Kunming.

(5) Cities in the northeastern region in which we have property management projects include Changchun, Harbin, Shenyang and Dalian.

Achieve Stable Growth in Scale, under the Premise of the Principle of High-Quality Development

Handling of Business Transactions with CIFI Group in accordance with market-oriented principle

As a long-term service partner of CIFI Group, we have always maintained a solid market-oriented cooperative relationship with CIFI Group. Looking back on 2024, the market environment of the real estate industry in the PRC remained severe, with weak recovery. These challenges have also brought continuous negative impacts on the property management service industry. We still adhere to the principle of "conducting business transactions with CIFI Group in accordance with market-oriented principles" to handle the bilateral business cooperation. This enables us to relatively effectively reduce the relevant negative impacts and strive to keep the impacts of such negative factors on our property management service business within a controllable range. We continuously improve and adjust our strategies to ensure that the cooperation with CIFI Group continues to develop steadily. In this challenging environment, we safeguard the long-term development interests of the Company to the greatest extent.

Continuously Enhance the Company's Development Capabilities in the Independent Third-Party Market

As one of the key drivers of the Company's expansion, we have always endeavoured to diversify into third-party markets. By expanding our resources to various independent markets, we continue to increase our market share. At the same time, we continue to improve our ability to build teams to achieve better empowerment results. This proactive strategy has enabled us to remain competitive in an ever-changing environment and has brought about sustained scale growth for the Company. The main targets of our market expansion include regional property developers, property owners' committees, local governments, and commercial and corporate clients. To acquire management rights for property developers' first-hand projects, we participated in the tender bidding of their new development projects. During the year of 2024, we acquired high-quality first-hand projects such as, Suzhou Xiqian Yaju (蘇州溪前雅居), Tianjin Yangxi Huayuan (天津央璽花苑) and Jinhuayuan (錦花苑).

To acquire management rights for second-hand projects, we joined in the tender bidding offered by the property owners' committees to replace the previous property management service provider. During the year of 2024, we acquired premium second-hand projects, such as Phase III of the Kunming Zhongliang Huazhang Community (昆明中梁華章社區三期), Harbin Acheng Huayangwei (哈爾濱阿城花漾蔚), Shanghai Tianshan Riverside Garden (上海天山河畔花園), Suzhou Wujiang Chang'an Garden (蘇州吳江長安花園), Wenzhou Boya Mingdi (溫州鉑雅名邸), Hangzhou Huarui Qinglu (杭州華瑞晴廬) and Shenyang Fuyun Huadu (瀋陽富雲花都) through public bidding.

We also participated in government procurement, including tenders for public construction projects such as hospitals and schools, rail transit, cultural venues and office buildings. During the year of 2024, we acquired premium public construction projects, such as Chongqing Yubei People's Hospital (重慶市渝北區人民醫院), Taizhou People's Hospital (泰州市人民醫院), two campuses of Chongqing Medical University (重慶醫科大學), Jilin University Second Hospital (吉林大學第二醫院) and Jiangxi University of Finance and Economics (江西財經大學).

In addition, we have established a "Commercial Division" within the Company to promote more professional and refined long-term development in the field of commercial and corporate services. During the year of 2024, we acquired projects such as the Qiantang Base of Leapmotor Automobile in Hangzhou (杭州零跑汽車錢塘基地), the Vipshop Logistics Park in Changsha (唯品會長沙物流園區), and the Taizhou Deppon Logistics Park (台州德邦物流園), as well as multiple projects for corporate headquarters and office parks, such as multiple projects of Geely Automobile Holdings Limited (吉利汽車控股有限公司) in Ningbo, Quzhou, Xiangtan, and Chongqing, and multiple projects of JD.com, Inc. (京東集團股份有限公司) in Wuhan, Wenzhou, Jinan, Xi'an, Dalian, Shanghai, and Shenyang.

Since the implementation of market-oriented expansion, through years of accumulation, the Group has successfully built a solid bidding outreach capabilities. During the year of 2024, the saturated revenue of the Company's outreach contracts has increased significantly year-on-year, reaching the best performance in history. We believe that with the Company's constantly improving comprehensive strength and better reputation brand support, through our continuous enhancement of the industry standards and improving the bidding outreach technical means, we will certainly achieve a more robust business growth.

Strategic Mergers and Acquisitions

Strategic mergers and acquisitions have been a crucial part of our historical development process. In terms of mergers and acquisitions, the Group adheres to the principle of "Selects the target carefully before investment; conducts effective management after investment (投前精選標的,投後完善管理)". Through strategic mergers and acquisitions, we increased our market share in existing markets, expanded our regional business scales, and made up the weaknesses among sectors quickly to enhance our multi-sector services capabilities.

Since the Listing, we adhered to the prudent principle for mergers and acquisitions and have acquired companies for different types of properties such as Zhengzhou Jinyi Property Service Co., Ltd.* (鄭州錦藝物業服務有限公司) for residential sector, Qingdao Yayuan Property Management Co., Ltd.* (青島雅園物業管理有限公司) and Shanghai Macalline Property Management Services Co., Ltd.* (上海美凱龍物業管理服務有限公司) for commercial and office space sector, Jiangsu Xiangjiang Property Development Co., Ltd.* (江蘇香江物業發展有限公司) and Beijing Hangteng Property Management Co., Ltd.* (北京航騰物業管理有限責任公司) for public facilities sector, Shandong XinJian Property Development Co., Ltd.* (山東鑫建物業發展有限公司) for logistics park sector, Hunan Meizhong Biophysical Environment Technology Co., Ltd.* (湖南美中環境生態科技有限公司) ("**Meizhong Environment**") for city sanitation sector and Huaxi Xin'an (Beijing) Property Management Co., Ltd.* (華熙鑫安(北京)物業管理有限公司) for mixed-use complex sector, and all of which have achieved positive post-investment integration results. However, overall, since 2022, due to the continuous disruption of the external environment and the Company's more prudent risk control requirements, we have significantly reduced the number of mergers and acquisitions. In 2024, we did not make any mergers and acquisitions.

Due to our adherence to the disciplined principles of strategic mergers and acquisitions, all of the projects that we have historically merged and acquired have achieved good integration with us, and have all reached the performance requirement targets, and it is expected that the existing acquired and integrated companies will be able to achieve better business operation and realize better performance contribution in the future.

The table below sets forth the breakdown, by types of property developers, of our total GFA under management as at the dates indicated:

	As at 31 December			
	2024		2023	
	GFA sq.m. '000	%	GFA sq.m. '000	%
CIFI Group[1]	59,585	23.8	56,277	25.4
Third-party property developers[2]	191,057	76.2	165,131	74.6
Total	250,642	100.0	221,408	100.0

Notes:

(1) Included properties solely developed by CIFI Group and properties jointly developed by CIFI Group and other property developers (CIFI Group held a controlling interest in such properties).

(2) Referred to properties solely developed by third-party property developers independent from CIFI Group, as well as properties jointly developed by CIFI Group and other property developers (CIFI Group did not hold a controlling interest in such properties).

Strengthening Position as a Comprehensive Property Management Service Provider

We manage a wide range of properties, including residential and non-residential properties. We have accumulated tremendous experience in managing non-residential properties, including office buildings, shopping malls, industrial parks, hospitals and schools etc. Meanwhile, with the further opening up of the non-residential market, we were offered with more opportunities to participate in the tender bidding in such market and expand market share. We seized the emerging market opportunities and entered the sub-sectors in the non-residential market, including headquarters buildings for large enterprises, expressway services stations, subway rail transit, tourist scenic spots and industrial exhibition centers. We treat the acquired projects as a stepping stone to set up benchmarks and continue to achieve penetrative development in local markets, thereby achieving the increase in the concentration in local market. Despite the fact that revenue generated from residential property projects has contributed and will continue to contribute the largest proportion of our property management revenue, we strive to diversify our service portfolio to get more development of refinement and specialization in the non-residential properties. As at 31 December 2024, non-residential properties accounted for approximately 38.2% in our GFA under management.

The table below sets forth a breakdown, by different types of properties as they were developed, of our total GFA under management as at the dates indicated and revenue from property management services generated therefrom for the years ended 31 December 2024 and 2023, respectively:

	As at 31 December or for the year ended 31 December					
	2024			2023		
	GFA sq.m. '000	Revenue RMB'000	%	GFA sq.m. '000	Revenue RMB'000	%
Residential properties	154,912	3,018,694	59.3	151,381	2,569,020	57.6
Non-residential properties	95,730	2,072,734	40.7	70,027	1,894,168	42.4
Total	250,642	5,091,428	100.0	221,408	4,463,188	100.0

Lump Sum Basis and Commission Basis

We generally price our services by taking into account, among others, factors such as the characteristics and locations of the residential communities, our budget, targeted profit margins, property owner and resident profiles and the scope and quality of our services. We charge property management fees primarily on a lump sum basis, with a small portion of which charged on a commission basis.

The following table sets forth a breakdown, by revenue model, of our total GFA under management as at the dates indicated and revenue from property management services for the years ended 31 December 2024 and 2023, respectively:

	As at 31 December or for the year ended 31 December					
	2024			2023		
	GFA sq.m. '000	Revenue RMB'000	%	GFA sq.m. '000	Revenue RMB'000	%
Lump sum basis	247,885	5,088,063	99.9	219,420	4,460,256	99.9
Commission basis	2,757	3,365	0.1	1,988	2,932	0.1
Total	250,642	5,091,428	100.0	221,408	4,463,188	100.0

Community Value-Added Services

During the year ended 31 December 2024, a variety of community value-added services struggled to advance amidst the challenges of a slower-than-expected macroeconomic recovery and a weak property market in the PRC, while we focused more on community value-added services development and gave up some of the businesses with low gross profit margins and poor sustainability. During the year ended 31 December 2024, revenue from community value-added services was approximately RMB862.4 million, representing a decrease of approximately 3.1% as compared with approximately RMB890.3 million for the year ended 31 December 2023.

Promoting rapid development of community value-added services and establishing a value-added service development system is one of the Group's key strategic development directions. We adhered to the concept of "something must be done and some must not be done (有所為、有所不為)" and developed value-added service products suitable for property owners, based on the needs of community property owner so as to boost the revenue generated from community value-added services.

With the expansion of our service scope, we have more mature experience in community value-added services and continue to optimize and upgrade our talent team. We have continued to deepen our research on community scenarios and service target groups, and have been advancing in a number of dimensions, including demand identification, product and service design, channel and supplier selection, and marketing plan development. Although the development of community value-added services has encountered multiple pressures from the macro-economy and faced various challenges, the community value-added services have continued to strive for advancement. In the future, the Group will continue to follow the strategy of promoting the revenue enhancement of community value-added services and continuously improve the quality of services to achieve more sustainable development.

We believe that there are various reasons that have caused the current development of community value-added services to enter a bottleneck period. However, by continuously grasping the service needs of high-quality customers, enhancing service loyalty, innovatively transforming products into services, and making persistent efforts, we will still be able to witness a thriving development of community value-added services.

Currently, our community value-added services cover four major areas, namely home-living services, parking unit management and leasing services, property agency services, and common area value-added services. The following table sets forth the breakdown of revenue from our community value-added services for the years ended 31 December 2024 and 2023, respectively:

	For the year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Home-living services[1]	486,532	56.4	496,863	55.8
Parking unit management and leasing services[2]	136,934	15.9	154,439	17.3
Property agency services[3]	146,889	17.0	135,824	15.3
Common area value-added service[4]	92,040	10.7	103,156	11.6
Total	862,395	100.0	890,282	100.0

Notes:

(1) This primarily included house delivery-stage renovation services such as house decoration, partial house renovation, turnkey furnishing etc.; mature community services such as on-site maintenance, housekeeping and cleaning, home management, secondary renovation, community group purchasing etc.; and special services such as facilities and equipment repair, maintenance and renovation for communities.

(2) This primarily included fees received from leasing and management of parking units.

(3) This primarily included agency sales and agency leasing of residential properties (including storage spaces), shops and parking unit.

(4) This primarily included service income received from leasing and management of common areas.

Value-Added Services to Non-Property Owners

We provide value-added services to non-property owners, which comprise sales assistance services that primarily include display units management services (the scope of services mainly covers security, cleaning, greening, reception etiquette, and other services for display units), additional tailored services, preliminary planning and design consultancy services, housing repair services, and pre-delivery inspection services. We extend the professional services of property management to the front end of real estate development. Most of these non-property owners are property developers.

During the year ended 31 December 2024, revenue from value-added services to non-property owners decreased by approximately 23.0% to approximately RMB599.1 million as compared with RMB777.6 million for the year ended 31 December 2023, mainly due to the weakened real estate market in China. We have become more cautious in the provision of value-added services to non-property owners and exited from some of the service projects with relatively lower expected returns.

The table below sets forth a breakdown of our revenue generated from our value-added services provided to non-property owners for the years ended 31 December 2024 and 2023, respectively:

	For the year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Sales assistance services	192,842	32.2	224,449	28.8
Additional tailored services	245,115	40.9	339,982	43.7
Preliminary planning and design consultancy services	29,134	4.9	46,316	6.0
Housing repair services	103,346	17.2	122,690	15.8
Pre-delivery inspection services	28,671	4.8	44,120	5.7
Total	599,108	100.0	777,557	100.0

City Services

With the continuous development of social governance and the socialisation of logistic services for the authorities, the Company has gradually expanded from the traditional residential property sector to the non-residential sector and extended to the city services operation level in accordance with the market demand and the development direction of the "big property services (大物業)" strategy. Since 2020, we have gained experiences in urbanization services through strategic cooperation with regional urban investment platforms such as Shanghai Lingang New City Investment & Construction Co., Ltd.* (上海臨港新城投資建設有限公司) and Wuxi Huishan State-owned Investment Holding Group Co., Ltd.* (無錫市惠山國有投資控股集團有限公司). Meanwhile, we have further built up our professional capabilities in city services through the acquisition and integration of Meizhong Environment in 2021.

At the initial stage of the Listing, we launched the Company's mission "Building Better Lives". Subsequently, in 2020, we first announced the Company's vision to "Grow into A Customer-preferred Smart City Service Brand". After continuous exploration and research, we have positioned the Company's city services in three directions:

(i) city municipal services butler: focusing on environmental sanitation and greening, as well as old community renovation services;

(ii) city asset management assistant: dedicated to the effective management of city idle space and area resource; and

(iii) city future development partner: participating in the construction of smart cities and becoming an important player in city development.

We have become a property management company covering the business of city services, and will constantly strive to realize the Company's mission and vision to provide premium smart city services to our customers.

FUTURE OUTLOOK

Since 2024, the PRC government has intensified its macro-adjustment efforts, with a variety of policies working together to overcome various challenges. Looking at the whole year 2024, positive progress has been made in addressing difficulties. However, in the coming year, it is expected that we will continue to face a complex and volatile economic environment. As a property management company, we have always put employee safety first and actively cooperated with the local government in neighbourhood management work to provide property owners with a safe and convenient living environment. Despite economic recovery is slower than expected, we closely monitored market trends, flexibly adjusted our strategies and continued to improve our service quality. In the future, the management will continue to lead the team to fast-track the company's goals and provide excellent property services to our customers, adhering to the philosophy of "Building Better Lives".

Give Priority to High Quality and Steadily Expand our Business Scale and Regional Density

We plan to increase the number of properties under management and GFA, and further optimize our professional marketing team to strategically assess and participate in biddings to acquire more property management business and enhance our service quality. We will increase our business footprint and project density in strategic regions with higher population density and consumption capacity, focusing on 100 cities.

Leveraging on the Group's strong brand, we have also established strategic alliances with property developers and urban construction investment companies to provide property management services for their projects, further penetrate into strategic regions. Moreover, we will focus on managing more non-residential properties, such as hospitals, exhibition centres and industrial parks, to seize the opportunity of service socialization and diversify our portfolio of properties under management.

With the continuous improvement of the Group's capabilities and opportunities arising in the industry, we will also gradually expand the scope of our business and actively layout in areas such as city services to seize opportunities.

Consolidate the Ability to Provide Diverse and High-Quality Services

We plan to further diversify our value-added services to non-property owners by enhancing our capabilities in preliminary planning and design consultancy services, project quality monitoring services, pre-delivery inspection services, housing repair services.

While providing value-added services to property developers, we will enhance full industry chain coverage for property development, sales and management so as to achieve vertical industry extension, and acquire more opportunities to gain property management projects.

Meanwhile, we also plan to provide consultancy services to local property management companies to expand our business scope and enhance our brand awareness.

We will continue diversifing our service offerings to meet the ever-changing needs of our customers and expand our business scope to provide more comprehensive and premium property management solutions.

Community value-added services have always been our strategic focus "to make the platform bigger and stronger, and to make the ecosystem better and more thorough (做大做強平台、做優做透生態)". We will continue to implement the BU system and operate the specialized business after validation of business logic in an independent manner with more focus, professionalism and talent. We hope to increase our market penetration rate and reach out to the common needs of property owners in a better and broader way.

Continuing to Bring in Talents and Upgrade Organization

We continue to bring in quality young talents to the Group through our "Endless Dynamic (永動力)" campus recruitment programme. With the expansion of our management scale and the upgrading of our service offerings, we are committed to nurturing a team of passionate and talented people who are closely linked to the development of the Company. For senior management, we uphold the strategy of "vacating cage to change bird (騰籠換鳥)", aiming to build an excellent senior management team with vision and consensus. At the same time, we provide middle-level management with sufficient room for growth and professional training in various businesses. We create a multi-talented and multi-capable organization through layers of screening to stimulate the team's vitality and creativity.

We will continue to strengthen our talent introduction and organizational upgrading efforts to continuously inject new vitality and momentum into the Company's development. We believe that by continuously optimizing our talent pool, we will be better able to cope with challenges, seize opportunities and achieve long-term prosperity for the Company.

Further Investment in Technologies and Intelligent Operations

We will further invest in technology and smart operations to enhance our quality and operational efficiency. Back in 2019, we established Linjiu Intelligent Technology Co., Ltd.* (霖久智慧科技有限公司), which is committed to digital construction, in order to improve service quality management and enable technology drive the property revolution.

In our future plans, we will invest further in the upgrade of our internal management system, and enhance the utilization of artificial intelligence and the application of robots in property management work. We will optimize our enterprise resource planning (ERP) information system, office automation system, financial system, human resources system and contract management system, etc. We will also build a big data information sharing platform, comprising management tools such as customer relationship management (CRM) cloud, property management cloud, bill management cloud and parking cloud, to achieve the interconnection of information among property owners, our employees, and business partners. At the same time, we plan to establish a centralized command center to achieve remote control of our operation, conduct data analysis, reduce intermediate logistics and improve management accuracy and efficiency.

We will continue to press forward with the progress towards standardization, centralization, digitalization and automation to ensure the consistent delivery of quality services with minimal human errors and to exercise effective control on operational costs. Through the innovation and application of technology, we will bring smarter and more efficient property management services to our customers and achieve overall progress in the property management services industry.

FINANCIAL REVIEW

Revenue

In 2024, the Group's revenue was approximately RMB6,841.1 million, representing an increase of 4.6% from approximately RMB6,537.4 million in 2023.

Revenue of the Group by business line for the years indicated is as follows:

	For the year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Property management services	5,091,428	74.4	4,463,188	68.2
Community value-added services	862,395	12.6	890,282	13.6
Value-added services to non-property owners	599,108	8.8	777,557	11.9
City services	286,114	4.1	405,953	6.2
Others	2,090	0.1	443	0.1
Total revenue	6,841,135	100.0	6,537,423	100.0

The revenue generated from property management services was our largest source of revenue. During 2024, the revenue from property management services was approximately RMB5,091.4 million, accounting for 74.4% of the Group's total revenue. The increase in revenue from property management services from approximately RMB4,463.2 million for 2023 to approximately RMB5,091.4 million was primarily driven by our steady cooperation with CIFI Group and our continuous efforts to expand third-party customer base. The following table sets out the Group's revenue derived from property management services by type of property developer during the years indicated:

	For the year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
CIFI Group(1)	1,466,320	28.8	1,285,865	28.8
Third-party property developers(2)	3,625,108	71.2	3,177,323	71.2
Total revenue	5,091,428	100.0	4,463,188	100.0

Notes:

(1) Included properties solely developed by CIFI Group and properties that CIFI Group jointly developed with other property developers in which CIFI Group held a controlling interest.

(2) Referred to properties solely developed by third-party property developers independent from CIFI Group, as well as properties jointly developed by CIFI Group and other property developers in which CIFI Group did not hold a controlling interest.

The revenue from community value-added services decreased from approximately RMB890.3 million for 2023 to approximately RMB862.4 million for 2024, representing a decrease of 3.1%. During the year ended 31 December 2024, we optimized the community value-added services business and gave up some low-margin business, which led to the decrease in revenue during 2024.

The revenue from value-added services to non-property owners decreased by approximately 23.0% from approximately RMB777.6 million for 2023 to approximately RMB599.1 million for 2024. Such decrease was mainly due to a weakened real estate industry in the PRC.

During the year ended 31 December 2024, the revenue generated from city services was approximately RMB286.1 million, representing a decrease from RMB406.0 million for the year ended 31 December 2023, which was mainly caused by our strategy of reallocating the resources and withdrawing from some less profitable engagements to improve the efficiency.

Cost of Services

Cost of services increased by approximately 3.9% from approximately RMB5,284.4 million for 2023 to approximately RMB5,492.5 million for 2024, primarily due to the increase of various kinds of costs as a result of the scale-up of our business in pursuit of higher quality services during the year ended 31 December 2024. We will continue to conduct effective cost control measures to improve our operation efficiency.

Gross profit

As a result of the above principal factors, the Group's gross profit increased by approximately 7.6% from approximately RMB1,253.0 million for 2023 to approximately RMB1,348.7 million for 2024.

Gross profit margin of the Group for major business lines for the years indicated was as follows:

	For the year ended 31 December	
	2024	2023
Property management services	19.3%	18.8%
Community value-added services	34.7%	31.3%
Value-added services to non-property owners	6.4%	13.1%
City services	10.9%	8.4%
Overall	19.7%	19.2%

In 2024, the gross profit margin of the Group was 19.7%, representing an increase of 0.5 percentage points as compared with that of 19.2% for 2023, which was primarily due to the increase in gross profit margin of our property management services.

The gross profit margin of property management services was 19.3% for the year ended 31 December 2024, increased from that of 18.8% for 2023, which was primarily due to our continuous project portfolio optimization and efficiency improvement.

The gross profit margin of community value-added services was 34.7% for the year ended 31 December 2024, increased from that of 31.3% for 2023, which was mainly because we gave up some low-margin business during the year ended 31 December 2024.

The gross profit margin of value-added services to non-property owners was 6.4% for the year ended 31 December 2024, decreased from that of 13.1% for 2023, which was mainly due to the weak condition of China's property development market during the year ended 31 December 2024 resulting in a decrease in demand for value-added services.

The gross profit margin of city services was 10.9% for the year ended 31 December 2024, increased from that of 8.4% for 2023, which was mainly due to the decrease of low-margin projects during the year ended 31 December 2024.

Other income and other gains and losses

In 2024, the Group's other income and other gains and losses recorded a net gain of approximately RMB16.2 million, representing a decrease of approximately 70.2% from approximately RMB54.3 million for 2023, primarily due to the decrease of government grants and the loss from fair value changes of investment properties suffered during the year ended 31 December 2024.

Administrative and selling expenses

In 2024, the Group's total administrative and selling expenses amounted to approximately RMB516.7 million, representing a decrease of approximately 8.8% from approximately RMB566.5 million for 2023, which was mainly due to our continuous cost control. The Group attached great importance to improving management efficiency. During the year ended 31 December 2024, the growth rate of the Group's administrative and selling expenses was much lower than that of the Group's revenue.

Other expenses

During the year ended 31 December 2024, the Group recorded other expenses of approximately RMB11.3 million, representing an increase from approximately RMB8.1 million for 2023. Such increase was mainly due to the increase in provisions for contingent liability and litigation expenses during the year ended 31 December 2024 due to the volatile economic environment.

Profit before taxation

During the year ended 31 December 2024, the profit before income tax was approximately RMB759.5 million, representing an increase of approximately 11.6% as compared with approximately RMB680.7 million for 2023.

Income tax expense

During the year ended 31 December 2024, the Group's income tax was approximately RMB168.1 million, representing approximately 22.1% of the profit before income tax expense in 2024, while the income tax was approximately RMB150.8 million, representing approximately 22.1% of the profit before income tax expense in 2023.

Profit attributable to owners of the Company

The profit attributable to owners of the Company for 2024 was approximately RMB478.0 million, representing an increase of approximately 10.0% as compared with approximately RMB434.5 million for 2023.

Property, plant and equipment

Property, plant and equipment of the Group mainly consisted of buildings, leasehold improvements, computer equipment, transportation equipment, as well as other fixed assets. As at 31 December 2024, the Group's property, plant and equipment amounted to approximately RMB96.8 million, representing a decrease from approximately RMB123.4 million as at 31 December 2023, which was mainly caused by the depreciation during the year ended 31 December 2024.

Investment properties

Our investment properties mainly comprised buildings, parking spaces and storage rooms at the properties we owned. As at 31 December 2024, the Group's investment properties amounted to approximately RMB549.1 million, representing a decrease from approximately RMB558.5 million as at 31 December 2023, which was mainly caused by the changes in fair value of the investment properties during the year ended 31 December 2024.

Intangible assets

The Group's intangible assets mainly comprised property management contracts and customer relationship attributable to acquired companies, and information technology systems. As at 31 December 2024, the Group's intangible assets amounted to approximately RMB297.6 million, representing a decrease from approximately RMB318.5 million as at 31 December 2023, which was mainly caused by the amortization of intangible assets during the year ended 31 December 2024.

Goodwill

As at 31 December 2024, the Group's goodwill amounted to approximately RMB1,488.2 million, remain the same as compared with that as at 31 December 2023.

Trade and bill receivables

Our trade and bill receivables mainly arose from property management services income under a lump sum basis, value-added services to non-property owners and city services. As at 31 December 2024, trade and bills receivables of the Group amounted to approximately RMB2,445.0 million, representing an increase from approximately RMB2,181.5 million as at 31 December 2023. Such increase was mainly due to the increase of our revenue and the slow down of recovery of receivables because of the downward market situation of the real estate industry in the PRC during the year ended 31 December 2024. The Group has increased the provision for credit losses after prudently considering the market environment and collection performance. The Group also closely communicates with clients and endeavors to accelerate the recovery of receivables.

Prepayments and other receivables

Our prepayments and other receivables mainly consisted of payments made on behalf of our residents such as payments for the utility bills and public facility maintenance fund, as well as security deposits with local authorities for providing property management services per local law requirements, biding deposits in relation to the public biddings, deposits for exclusive sales representative agreements to secure the sales fund recovery of car parks, residential properties (including storage spaces) and retail shops, and prepayments to vendors. As at 31 December 2024, our prepayments and other receivables amounted to approximately RMB1,193.3 million, representing a decrease from approximately RMB1,284.3 million as at 31 December 2023, which was mainly due to the decrease of deposits for exclusive sales representative agreement during the year ended 31 December 2024.

Financial assets at FVTPL

Financial assets at FVTPL mainly include investments in a listed entity and investments in several closed-end funds. As at 31 December 2024, the balance of financial assets at FVTPL of the Group amounted to approximately RMB281.0 million, representing a decrease from RMB366.9 million as at 31 December 2023. Such decrease was mainly caused by disposal of financial assets at FVTPL during the year ended 31 December 2024 and the fluctuation in fair value of the financial assets during the year ended 31 December 2024.

Cash and cash equivalents

As at 31 December 2024, the Group's cash and cash equivalents were approximately RMB2,617.8 million, representing an increase from approximately RMB2,341.5 million as at 31 December 2023, which was mainly contributed by the net cash inflow from operating activities during the year ended 31 December 2024.

Trade and bills payables

As at 31 December 2024, trade payables of the Group amounted to approximately RMB1,307.5 million, representing an increase from approximately RMB1,150.3 million as at 31 December 2023, which was mainly a result of the increase in sub-contracting cost due to expansion of our business and we continued to sub-contract certain services to third-parties to optimize our operations during the year ended 31 December 2024.

Accruals and other payables

As at 31 December 2024, our accruals and other payables was approximately RMB1,324.0 million, representing a slight decrease from approximately RMB1,344.8 million as at 31 December 2023.

Contract liabilities

Contract liabilities of the Group were fees paid by customers in advance for the services which had not been provided and had not been recognized as revenue. As at 31 December 2024, our contract liabilities amounted to approximately RMB940.1 million, representing an increase from approximately RMB870.3 million as at 31 December 2023, which was primarily due to the increase in our customer base during the year ended 31 December 2024.

Cash flows

During the year ended 31 December 2024, net cash inflow from operating activities of the Group amounted to approximately RMB684.8 million, representing a decrease from approximately RMB913.1 million for 2023, which was mainly due to the increase of trade and bills receivables during the year ended 31 December 2024.

During the year ended 31 December 2024, net cash inflow from investing activities amounted to approximately RMB38.8 million, representing a decrease from approximately RMB120.8 million for 2023, which was mainly caused by the decrease in refund of prepayment for purchases of financial assets at FVTPL during the year ended 31 December 2024.

Net cash outflow from financing activities amounted to approximately RMB444.3 million for the year ended 31 December 2024, representing an increase from that of approximately RMB223.8 million for 2023. The higher cash outflow from financing activities was mainly due to the increase in dividends payment by the Company during the year ended 31 December 2024.

Gearing ratio and the basis of calculation

As at 31 December 2024, the gearing ratio of the Group was 0.66% (31 December 2023: 0.86%). The gearing ratio is equal to the sum of long-term and short-term interest-bearing borrowings divided by total equity.

Capital expenditure

During the year ended 31 December 2024, capital expenditure of the Group amounted to approximately RMB49.4 million (2023: RMB51.2 million). The capital expenditure was mainly used to invest in information technology systems and software as well as transportation equipment for business operation during the year ended 31 December 2024.

Capital structure

As at 31 December 2024, the Group's cash and bank balances were held in Renminbi, Hong Kong dollar and US dollar, and the Group's borrowings of RMB35.5 million were denominated in Renminbi at fixed interest rates.

As at 31 December 2024, equity attributable to owners of the Company amounted to approximately RMB5,001.1 million, as compared to approximately RMB4,873.1 million as at 31 December 2023.

Financial position of the Group remained stable. As at 31 December 2024, the Group's net current assets was approximately RMB2,222.4 million (31 December 2023: RMB1,945.8 million), while the current ratio (current assets/current liabilities) of the Group was approximately 1.6 (31 December 2023: 1.6).

Liquidity and financial resources

During the year ended 31 December 2024, the Group's principal use of cash was working capital, which was mainly funded from cash flow from operations. In the foreseeable future, we expect cash flow from operations will continue to be our principal source of liquidity and we may use a portion of the proceeds from the initial public offering of the Company ("**IPO**") and our other fundraising activities conducted to finance some of our capital expenditures and in accordance with the purposes for the use of proceeds as disclosed in the prospectus of the Company dated 4 December 2018 (the "**Prospectus**") and relevant announcements.

As at 31 December 2024, the Group's borrowings were RMB35.5 million (31 December 2023: RMB45.0 million). Except as disclosed herein and apart from intra-group liabilities, we did not have any outstanding loan capital, bank overdrafts and liabilities, or other similar indebtedness, debentures, mortgages, charges or loans as at 31 December 2024.

Pledging of assets

As at 31 December 2024, the Group had pledged property, plant and equipment with carrying amounts of approximately RMB12.2 million (31 December 2023: RMB25.5 million) to secure the balance of borrowings of approximately RMB4.0 million as at 31 December 2024.

Contingent liabilities

As at 31 December 2024, the Group had no material contingent liabilities which have not been properly accrued for. The Group is involved in certain legal claims that have arisen during our usual and ordinary course of business. Having considered relevant legal advice and made best estimation in respect of the liability, the Group does not expect that such legal claims will incur any material adverse effect on our business, financial condition or operating results.

Significant Investments Held

As at 31 December 2024, the Group did not hold any significant investment.

Material acquisitions and disposal of subsidiaries, associates and joint ventures

The Group did not have any material acquisition and disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2024.

Interest rate risk

As the Group has no significant interest-bearing assets and liabilities other than bank deposits and borrowings, the Group's exposure to the interest rate risk is limited to the market risk for changes in interest rates which relates primarily to bank balances and borrowings that bear floating interest rates. Our management monitors the interest rate risk and takes prudent measures to reduce the interest rate risk.

Foreign exchange risk

The principal activities of the Group are conducted in China, and a majority of the Group's income and expenses were denominated in Renminbi. Certain bank balances were denominated in Hong Kong dollars and US dollars. Currently, the Group has not entered into contracts to hedge its exposure to foreign exchange risk, but the management will continue to monitor the foreign exchange exposure, and take prudent measures to reduce the foreign exchange risk.

Employment and remuneration policy

The Group adopts remuneration policies similar to its peers in the industry. The remuneration payable to our staff is fixed by reference to the duties and the prevailing market rates in the region. Discretionary performance bonus after assessments is paid to employees to reward their contributions. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, the Group has participated in different social welfare plans for our employees.

As at 31 December 2024, the Group had 25,734 employees (31 December 2023: 24,605 employees).

Use of proceed raised from IPO

On 17 December 2018, the Shares were successfully listed on the Stock Exchange. Our IPO was well received by investors in both the international offering and the Hong Kong public offering. The Company raised net proceeds of (i) approximately HK$619.8 million from the IPO, and (ii) approximately HK$63.2 million from partial exercise of an over-allotment option on 4 January 2019 (collectively, the "Net Proceeds").

As stated in the Prospectus, we intended to use (i) approximately 55%, or approximately HK$375.6 million for strategic acquisition and investment opportunities; (ii) approximately 26%, or approximately HK$177.6 million for building up a smart community and using the most updated internet and information technologies which would improve service quality for our customers; (iii) approximately 9%, or approximately HK$61.5 million for the development of a one-stop service community platform and our "Joy Life" online service platform; and (iv) approximately 10%, or approximately HK$68.3 million as for our general corporate purposes and working capital.

Further, as stated in the announcement of the Company dated 18 June 2019, the Board resolved to change the proposed use of the Net Proceeds. The unutilised Net Proceeds originally allocated for (i) acquiring property management services providers that provide community products and services complementary to our own, and (ii) for investing in property management industry funds jointly with business parties will be used for acquiring or investment in quality property management service providers that operate on a regional scale. For further details of the change in the proposed use of the Net Proceeds, please refer to the announcement of the Company dated 18 June 2019.

As at 31 December 2024, our planned use and actual use of the Net Proceeds was as follows:

	Net Proceeds						
	Percentage of Net Proceeds	Allocation of Net Proceeds *(HK$ million)*	Unutilised (as at 1 January 2024) *(HK$ million)*	Utilised during 2024 *(HK$ million)*	Utilised (up to 31 December 2024) *(HK$ million)*	Unutilised (as at 31 December 2024) *(HK$ million)*	Expected timeline for the unutilised Net Proceeds
To pursue strategic acquisition and investment opportunities	55%	375.6	–	–	375.6	–	N/A
To leverage the most updated internet and information technologies and build a smart community	26%	177.6	–	–	177.6	–	N/A
To develop a one-stop service community platform and our "Joy Life" (悅生活) online service platform	9%	61.5	51.3	20.3	30.5	31.0	By 31 December 2025
For general corporate purposes and working capital	10%	68.3	–	–	68.3	–	N/A
	100%	683.0	51.3	20.3	652.0	31.0	

The remaining Net Proceeds which had not been utilized were deposited with licensed financial institution in Hong Kong and mainland China. The Company will continue to evaluate and adopt a prudent and flexible approach for utilising the net proceeds effectively and efficiently for the long-term benefit and development of the Group. The expected timeline for the unutilised Net Proceeds is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of the Group's business and the market conditions.

2020 Placing and 2020 Subscription

On 4 June 2020, the Company, Elite Force Development Limited and three placing agents entered into a placing and subscription agreement (the "**2020 Placing and Subscription Agreement**"), pursuant to which, (a) Elite Force Development Limited has agreed to appoint these placing agents, and these placing agents have agreed to act as agents of Elite Force Development Limited on a several basis to procure purchasers, on a best effort basis, to purchase a total of 134,000,000 existing Shares at the placing price of HK$11.78 per Share (the "**2020 Placing Price**") (the "**2020 Placing**"); and (b) Elite Force Development Limited has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Elite Force Development Limited, a total of 134,000,000 new Shares at the subscription price of HK$11.78 per Share (being the same as the 2020 Placing Price) (the "**2020 Subscription**").

The 2020 Placing Price of HK$11.78 per Share and represented (i) a discount of approximately 6.95% to the closing price of HK$12.66 per Share as quoted on the Stock Exchange on 3 June 2020, being the last trading day prior to the signing of the 2020 Placing and Subscription Agreement (the "**2020 Last Trading Day**"); (ii) a discount of approximately 3.63% to the average closing price of HK$12.22 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the 2020 Last Trading Day; and (iii) a discount of approximately 0.61% to the average closing price of HK$11.85 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the 2020 Last Trading Day.

Completion of the 2020 Placing and the 2020 Subscription took place on 8 June 2020 and 16 June 2020, respectively. A total of 134,000,000 existing Shares have been successfully placed at the 2020 Placing Price of HK$11.78 per Share to no less than six (6) independent placees, and a total of 134,000,000 new Shares (equal to the number of the existing Shares successfully placed under the 2020 Placing) were subscribed by Elite Force Development Limited at the subscription price of HK$11.78 per Share.

The Company received net proceeds from the 2020 Subscription (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) of approximately HK$1,564,476,000 and intended to use the net proceeds from the 2020 Subscription for possible business development or investments in the future when opportunities arise and as working capital and general corporate purposes. Details of the planned use and actual use of net proceeds from the 2020 Subscription was as follows:

	Net proceeds from the 2020 Subscription						
	Percentage of net proceeds	Allocation of net proceeds *(HK$ million)*	Unutilised (as at 1 January 2024) *(HK$ million)*	Utilised during 2024 *(HK$ million)*	Utilised (up to 31 December 2024) *(HK$ million)*	Unutilised (as at 31 December 2024) *(HK$ million)*	Expected timeline for the unutilised net proceeds
Strategic acquisition and investment opportunities	80%	1,251.6	—	—	1,251.6	—	N/A
Information technology related development	5%	78.2	60.8	24.0	41.4	36.8	By 31 December 2025
Working capital and general corporate purposes	15%	234.7	—	—	234.7	—	N/A
	100%	1,564.5	60.8	24.0	1,527.7	36.8	

2021 Placing and 2021 Subscription

On 23 October 2021, the Company, Elite Force Development Limited and two placing agents entered into a placing and subscription agreement (the "**2021 Placing and Subscription Agreement**"), pursuant to which, (a) Elite Force Development Limited has agreed to appoint these placing agents, and these placing agents have agreed to act as agents of Elite Force Development Limited on a several (but not joint nor joint and several) basis to procure purchasers, on a best effort basis, to purchase a total of 83,520,000 existing Shares at the placing price of HK$15.76 per share (the "**2021 Placing Price**") (the "**2021 Placing**"); and (b) Elite Force Development Limited has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Elite Force Development Limited, a total of 83,520,000 new Shares at the subscription price of HK$15.76 per share (being the same as the 2021 Placing Price) (the "**2021 Subscription**").

The 2021 Placing Price was HK$15.76 per Share and represented (i) a discount of approximately 8.80% to the closing price of HK$17.28 per Share as quoted on the Stock Exchange on 22 October 2021, being the last trading day prior to the signing of the 2021 Placing and Subscription Agreement (the "**2021 Last Trading Day**"); (ii) a discount of approximately 4.67% to the average closing price of HK$16.53 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the 2021 Last Trading Day; and (iii) a discount of approximately 2.60% to the average closing price of HK$16.18 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the 2021 Last Trading Day.

Completion of the 2021 Placing and the 2021 Subscription took place on 27 October 2021 and 1 November 2021, respectively. A total of 83,520,000 existing Shares have been successfully placed at the 2021 Placing Price of HK$15.76 per Share to no less than six (6) independent placees, and a total of 83,520,000 new Shares (equal to the number of the existing Shares successfully placed under the 2021 Placing) were subscribed by Elite Force Development Limited at the subscription price of HK$15.76 per Share.

The Company received net proceeds from the 2021 Subscription (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) of approximately HK$1,304,000,000 and intended to use the net proceeds from the 2021 Subscription for possible business development or investments in the future when opportunities arise and as working capital and general corporate purposes.

Further, as stated in the announcement of the Company dated 27 March 2024 (the "**27 Mar Announcement**"), the Board resolved to change the use of the net proceeds from the 2021 Subscription such that the entire amount of the unutilized net proceeds of approximately HK$796.5 million under "strategic acquisition and investment opportunities" will be re-allocated for "working capital and general corporate purposes" due to the downturn in the real estate industry in the PRC and the shift in expansion strategy in the property management industry from expansion through merger and acquisitions to expansion through organic growth. For further details of the change in the proposed use of the net proceeds from the 2021 Subscription, please refer to the 27 Mar Announcement.

As at 31 December 2024, all the remaining net proceeds have been utilised. Details of the planned use and actual use of net proceeds from the 2021 Subscription was as follows:

	Net proceeds from the 2021 Subscription							
	Percentage of net proceeds	Allocation of net proceeds *(HK$ million)*	Unutilised (as at 1 January 2024) *(HK$ million)*	Re-allocation as per the 27 Mar Announcement *(HK$ million)*	Utilised during 2024 *(HK$ million)*	Utilised (up to 31 December 2024) *(HK$ million)*	Unutilised (as at 31 December 2024) *(HK$ million)*	Expected timeline for the unutilised net proceeds
Strategic acquisition and investment opportunities	65%	847.6	796.5	—	—	51.1	—	N/A
Working capital and general corporate purposes	35%	456.4	—	796.5	796.5	1,252.9	—	N/A[1]
	100%	1,304.0	796.5	796.5	796.5	1,304.0	—	

Note:

(1) The actual timeline of utilisation was expedited as compared to the timeline set out in the 27 Mar Announcement due to our business expansion during the year ended 31 December 2024.

EXECUTIVE DIRECTORS

Mr. LIN Zhong (林中), aged 56, was appointed as our Director on 16 April 2018 and re-designated as our executive Director and appointed as the chairman of our Board on 25 July 2018. Mr. Lin Zhong is the chairman of the Strategy Committee and the Nomination Committee and a member of the Remuneration Committee. Mr. Lin Zhong is primarily responsible for overall strategic decisions, business planning and major operational decisions.

Prior to joining our Group, Mr. Lin Zhong has been serving as the chairman and director of the board at CIFI (PRC) since August 2000, where he is responsible for overall business planning and significant decisions in business operations. Since May 2011, he has been serving as an executive director and the chairman of the board at CIFI Holdings, where he is responsible for formulating corporate strategies, business development and overall management.

Mr. Lin Zhong was appointed as the vice chairman of Shanghai Population Welfare Foundation (上海市人口福利基金會) in 2013, the deputy chief council member of the Eighth Term of Council of Shanghai Real Estate Association (上海市房地產行業協會) and the rotating chairman of Shanghai Entrepreneur Association (新滬商聯合會) in 2014, the honorary chairman of Fujian Chamber of Commerce in Shanghai (上海市福建商會) and the chairman of Xiamen Chamber of Commerce in Shanghai (上海市廈門商會) in 2016, the vice chairman of the China Real Estate Association (中國房地產業協會) in 2018, an adjunct professor at School of Business Administration of East China Normal University and the chairman of the fourth council of Oriental Real Estate Research Institute (東方房地產研究院) in 2019, and the rotating chairman of CURA (中城聯盟) and the rotating chairman of Fukien Chamber of Commerce (福建商會) in 2021.

Mr. Lin Zhong graduated from Xiamen University (廈門大學) in the PRC in July 1990, where he obtained a bachelor degree in economics. He graduated from Cheung Kong Graduate School of Business (長江商學院) in the PRC in October 2009, where he obtained an executive master of business administration degree.

Mr. ZHOU Hongbin (周洪斌), aged 55, was appointed as our executive Director on 25 July 2018 and has been the president of our Group since he joined in December 2017. Mr. Zhou Hongbin is a member of the Strategy Committee of the Company. He is currently a director of several subsidiaries of the Group. Mr. Zhou Hongbin is primarily responsible for overall business operations and management, major decision making and executing the decisions of our Board.

Prior to joining our Group, from July 1992 to July 1997, Mr. Zhou Hongbin served as a deputy director of finance department at CCTEG Chongqing Engineering Co., Ltd. (中煤科工集團重慶設計研究院有限公司), an institute mainly engaged in mining engineering, construction engineering and municipal construction, where he was responsible for daily financial accounting. From July 1997 to January 2003, Mr. Zhou Hongbin served as an accounting supervisor at Chongqing Longhu Properties Co., Ltd. (重慶龍湖地產發展有限公司) (formerly known as Chongqing Zhongjianke Real Estate Co., Ltd. (重慶中建科置業有限公司)), a company mainly engaged in property development and indirectly wholly owned by Longfor Group Holdings Co., Ltd. (龍湖集團控股有限公司) (formerly known as Longfor Properties Co., Ltd. (龍湖地產有限公司)) which is listed on the Stock Exchange (stock code: 0960), where he was primarily responsible for financial accounting, financial analysis and fund management. From January 2003 to August 2007, he served as a deputy general manager at Chongqing Longhu Real Estate Development Co., Ltd. Commercial Management Branch Office (重慶龍湖地產發展有限公司商業經營管理分公司), where he was responsible for daily management, investment promotion, business development and shopping mall management. From August 2007 to December 2014, he served as the chairman of the board, general manager of the company and general manager of the property management department at Longhu Property Service Co., Ltd. (龍湖物業服務集團有限公司) and was responsible for overall management and development and property management. From January 2015 to December 2017, he served as a senior vice president at Beijing Qianding Internet Company Limited (北京千丁互聯科技有限公司), a company offering value added services to residential communities, where he was responsible for platform operations and market development.

Mr. Zhou Hongbin has served as a vice president at China Property Management Institute (中國物業管理協會) from October 2014 to May 2019, and became the honorary vice president from May 2019. He has been serving as a deputy director at China Property Management Institute Industry Development Research Center (中國物業管理協會行業發展研究中心) since March 2014.

Mr. Zhou Hongbin graduated from China University of Mining and Technology (中國礦業大學) in the PRC in July 1992, where he obtained a bachelor degree in accounting.

Mr. ZHOU Di (周迪), aged 48, was appointed as our executive Director on 30 March 2020 and has been the chief financial officer of the Company since he joined the Group on 10 May 2019. Mr. Zhou Di is a member of the Strategy Committee of the Company. He is currently a director of several subsidiaries of the Group. Mr. Zhou is primarily responsible for the overall financial management of the Group.

Prior to joining the Group, from July 1999 to June 2001, Mr. Zhou Di worked as financial supervisor at Shanghai Xingtehao Enterprise Company Limited* (上海星特浩企業有限公司). From July 2001 to February 2008, Mr. Zhou Di joined S. B. Submarine Systems Co., Ltd., where he held the position of senior financial manager. From February 2008 to November 2016, he served as the chief financial officer for the Shanghai region at Longfor Group Holdings Limited, the shares of which are listed on the Stock Exchange (Stock code: 960). From December 2016 to July 2017, he was the deputy general manager at the financial management center of Zhenro Group Co., Ltd.* (正榮集團有限公司) (formerly known as Fujian Zhenro Group Co., Ltd.* (福建正榮集團有限公司) where he was in charge of the group's financial management. From August 2017 to May 2019, he served as the director of the management accounting department at the financial center of CIFI Holdings, the shares of which are listed on the Stock Exchange (Stock code: 884) and is one of the controlling shareholders (as defined under the Listing Rules) of the Company.

Mr. Zhou Di graduated from Hefei University of Technology (合肥工業大學) in the PRC in June 1999, where he obtained a bachelor's degree in accounting. He graduated from Shanghai University of Finance and Economics (上海財經大學) in the PRC in June 2012, where he obtained a master's degree in management. Mr. Zhou Di became a PRC certified tax agent in June 2001, a certified public accountant of the PRC in December 2005, and an associate member of the Association of International Accountants in March 2006.

NON-EXECUTIVE DIRECTOR

Ms. CUI Xiaoqing (崔曉青), aged 50, was appointed as our non-executive Director on 30 November 2023. Ms. Cui is a member of the Strategy Committee.

From August 2006 to November 2009, Ms. Cui served as the secretary of president's office, and the manager of the integrated management department and customer relations department at CIFI (PRC). From November 2009 to January 2011, Ms. Cui served as the deputy general manager of Yongsheng Property. From February 2011 to July 2015, Ms. Cui served as the deputy director of the president's office of CIFI (PRC). From August 2015, she served as the deputy director of administration of CIFI (PRC) and she is currently the director of administration of CIFI (PRC). Since July 2020, Ms. Cui has also been serving as the secretary of the Party Committee of CIFI (PRC).

Since September 2016, she has served as a director of the Education Foundation of Fujian Jian'ou No.1 Middle School* (福建省建甌第一中學教育基金會). Since March 2020, Ms. Cui has served as a director of the CIFI Foundation in Shanghai. Since July 2020, Ms. Cui has served as a supervisor of the Shanghai Population Welfare Foundation* (上海市人口福利基金會).

Ms. Cui graduated from Tianjin Normal University majoring in public utilities management in July 2002.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. MA Yongyi (馬永義), aged 60, was appointed as our independent non-executive Director on 26 November 2018. Mr. Ma is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.

In February 2004, Mr. Ma joined Beijing National Accounting Institute (北京國家會計學院) and successively served as the director of the distance education center from February 2004 to September 2008 and the director of the administrative office from September 2008 to December 2015 and has been serving as the director of teacher management committee since January 2016.

Since April 2014, Mr. Ma has been serving as an independent supervisor at Chanjet Information Technology Company Limited (暢捷通信息技術股份有限公司), a company listed on the Stock Exchange (stock code: 1588). From April 2016 to April 2020, he served as an independent director at Zhejiang Dun'an Artificial Environmental Company Limited (浙江盾安人工環境股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002011). Since February 2018 to July 2024, he has been serving as an external supervisor at China Development Bank Financial Leasing Co., Ltd. (國銀金融租賃股份有限公司), a company listed on the Stock Exchange (stock code: 1606). Since March 2019 to March 2023, he served as an independent director at Piesat Information Technology Co.,Ltd. (航天宏圖信息技術股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688066). Since April 2020, he has been serving as an independent director at Glodon Company Limited (廣聯達科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002410).

Mr. Ma graduated from the Central University of Finance and Economics (中央財經大學) (formerly known as Central College of Finance and Economics (中央財政金融學院)) in the PRC and obtained a bachelor degree of accounting in June 1989 and a doctorate degree in management in June 2003.

Mr. CHEUNG Wai Chung (張偉聰), aged 54, was appointed as our independent non-executive Director on 26 November 2018. Mr. Cheung is the chairman of the Audit Committee.

From September 1995 to January 1998, he initially served as an investment officer and then was promoted to an assistant manager II at Sun Hung Kai Real Estate Agency Ltd. (新鴻基地產代理有限公司), a wholly-owned subsidiary of Sun Hung Kai Properties Limited (新鴻基地產發展有限公司) which is listed on the Stock Exchange (stock code: 0016). From January 1998 to March 2000, he served as an assistant investment manager and then was promoted to a deputy investment manager at China Travel International Investment Hong Kong Limited (香港中旅國際投資有限公司), a company listed on the Stock Exchange (stock code: 0308). From March 2000 to April 2001, he served as a project manager at CDC Corporation (formerly known as Chinadotcom Corporation), a company mainly engaged in the provision of online information. From May 2001 to January 2009, he successively served as a research director and portfolio manager at HSZ (Hong Kong) Limited and portfolio manager at Nomura Asset Management Hong Kong Limited (野村投資管理香港有限公司), both companies are engaged in investment management. In November 2012, he joined Culturecom Enterprises Limited (文化傳信企業有限公司), a subsidiary of Culturecom Holdings Limited (文化傳信集團有限公司) which is listed on the Stock Exchange (stock code: 0343), and served as the president and chief financial officer until December 2016. Since January 2017, he has been serving as a senior consultant at RHL International Limited (永利行國際有限公司), a company mainly engaged in corporate valuation and advisory.

Mr. Cheung graduated from The Chinese University of Hong Kong in December 1992, where he obtained a bachelor (honors) degree in business administration. He has been a member and a fellow of The Association of Chartered Certified Accountants since March 1996 and March 2001, respectively, and a charter holder of Chartered Financial Analyst awarded by the Association for Investment Management and Research since November 1999. In October 2019, Mr. Cheung was awarded by the United Nation's PRI Academy Responsible Investment Essentials, an internationally recognized standard on responsible investing and Environmental, Social and Governance (ESG) qualification. In December 2024, Mr. Cheung attained the status of Graduate of the Australian Institute of Company Directors (GAICD). The Australian Institute of Company Directors is a leading institute in advancing corporate governance standards and has the largest number of members globally.

Mr. YU Tiecheng (俞鐵成), aged 50, was appointed as our independent non-executive Director on 16 November 2021. Mr. Yu is the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. Yu is a senior expert in corporate mergers and acquisitions in the People's Republic of China. He is also a member of the Academic and Training Committee of Quanlian M&A Association* (全聯併購公會學術與培訓委員會) and a member of the Expert Advisory Committee of Anhui International Chamber of Commerce* (安徽省國際商會專家諮詢委員會). Mr. Yu graduated from East China Normal University (華東師範大學) with a master's degree in economics majoring in international finance in 1999. Starting from 2000, Mr. Yu served as management in various entities in the fields of finance and investment, including the deputy general manager of Shanghai Baoyin Investment Co., Ltd.* (上海保銀投資有限公司), assistant to the president of Jingfeng Investment Co., Ltd.* (景豐投資有限公司), chairman of the board of Shanghai Tiandao Investment Consultancy Co., Ltd.* (上海天道投資諮詢有限公司), general manager of Shanghai Daojie Equity Investment Management Co., Ltd.* (上海道傑股權投資管理有限公司), and partner of Shanghai Kaishi Yizheng Asset Management Co., Ltd.* (上海凱石益正資產管理有限公司). Currently, Mr. Yu is serving as the dean of Shanghai Huangpu Guanghui M&A Research Institute* (上海市黃浦廣慧並購研究院), the chairman of the board of Gongqingcheng Guanghui Jiabin Venture Capital Management Co., Ltd.* (共青城廣慧嘉賓創業投資管理有限公司), an external director of Jiangxi Provincial State-owned Enterprise Asset Management (Holding) Co., Ltd.* (江西省省屬國有企業資產經營 (控股) 有限公司) and the vice chairman of Shanghai Financial Culture Promotion Centre* (上海金融文化促進中心).

Mr. Yu has also served as director of various listed companies. Mr. Yu was an independent director of Shanghai Pudong Construction Co., Ltd. (上海浦東建設股份有限公司), the shares of which are listed on Shanghai Stock Exchange (stock code: 600284), from May 2007 to May 2013; an independent director of Jiangsu Lianyungang Port Co., Ltd. (江蘇連雲港港口股份有限公司), the shares of which are listed on Shanghai Stock Exchange (stock code: 601008), from December 2007 to February 2014; an independent director of Shanghai Shenda Co., Ltd (上海申達股份有限公司), the shares of which are listed on Shanghai Stock Exchange (stock code: 600626), from May 2014 to June 2019; an independent director of Great Wall Movie & Television Co., Ltd. (長城影視股份有限公司), the shares of which was delisted from Shenzhen Stock Exchange in May 2021 (stock code: 002071), from May 2014 to April 2020; an independent director of Youon Technology Co., Ltd. (永安行科技股份有限公司), the shares of which are listed on Shanghai Stock Exchange (stock code: 603776), from November 2019 to October 2020; and an independent director of Create Technology & Science Co. Ltd. (創元科技股份有限公司), the shares of which are listed on Shenzhen Stock Exchange (stock code: 000551), from October 2015 to October 2021. Since November 2017, Mr. Yu has been serving as an independent director of Shanghai Hugong Electric Group Co., Ltd. (上海滬工焊接集團股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 603131). Since May 2023, Mr. Yu has been serving as an independent director of Lao Feng Xiang Group Co., Ltd. (老鳳祥股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600612).

SENIOR MANAGEMENT

Mr. LIANG Bin (梁斌), aged 41, has been appointed as the Group's vice president since he joined the Group on 1 September 2018. Mr. Liang is primarily responsible for the Group's organizational strategy and overall management of human resources.

Prior to joining the Group, from July 2005 to May 2009, Mr. Liang joined P&G (China) Co., Ltd. as a management trainee and was promoted to the post of human resources manager. From June 2009 to September 2012, he worked as a senior human resources manager in Tencent Technology (Shenzhen) Co., Ltd. (a company listed on the Stock Exchange, stock code: 700), mainly responsible for talent recruitment and organization development. From October 2012 to September 2013, he served as assistant director of human resources at Standard Chartered Bank (China) Limited. From October 2013 to May 2016, he was the director of human resources at Shimao Real Estate Holdings Limited (a company listed on the Stock Exchange, stock code: 813). From June 2016 to June 2017, he served as the vice president of human resources of YOOZOO Interactive Co. Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002174), responsible for human resources management. From July 2017 to August 2018, he worked for CIFI Group (a company listed on the Stock Exchange, stock code: 884) as human resources director. Mr. Liang has extensive management experience in the areas of top-level organizational strategy design, organizational change and transformation, cultivation of corporate culture system, senior talent headhunt and building talent echelon.

Mr. Liang graduated from Sun Yat-sen University in June 2005 with a bachelor of science degree.

Mr. CHEN Chuanchao (陳傳超), aged 48, joined our Group on 3 March 2014 and was appointed as the Group's vice president in January 2020.

Prior to joining our Group, from March 1999 to March 2014, Mr. Chen worked as a manager at Shanghai Vanke Property Services Co., Ltd. (上海萬科物業服務有限公司), where he was responsible for overall project management and safety management.

Mr. Chen graduated from Central Radio and Television University (中央廣播電視大學) in the PRC in July 2011, where he obtained a diploma in law.

Mr. LIU Guohong (劉國紅), aged 44, joined the Group on 16 September 2019 and was concurrently appointed as the Group's vice president. Mr. Liu is primarily responsible for the overall business operations and management of Yongsheng Property's branch offices and subsidiaries in western region and norther region, and is also in charge of the Group's market development center.

Mr. Liu has joined the property industry since 2003. Prior to joining the Group, Mr. Liu worked successively in Shenzhen Vanke Property Services Co., Ltd. (深圳市萬科物業服務有限公司), Shenzhen Huaye Property Management Co., Ltd. (深圳華業物業管理有限公司) and Longhu Property Services Group Co., Ltd. (龍湖物業服務集團有限公司), rising from project manager and operations director to regional general manager. From 2017 to 2019, Mr. Liu worked as general manager for Lingyue Property Services Group Co., Ltd. (領悅物業服務集團有限公司), a company indirectly wholly owned by Ling Yue Services Group Limited (領悅服務集團有限公司), which is listed on the Stock Exchange (stock code: 2165).

Mr. Liu graduated from Beijing International Business College (北京國際商務學院) in 2006 with a diploma in business enterprise management. In 2020, he was awarded the honour of Sichuan's Top 10 Property Leaders and Industry Leaders (四川十大領袖物業和行業領軍人物榮譽殊榮), and the Top 100 Property Managers (物業百強經理人) for 2 consecutive years.

Mr. XIA Shu (夏曙), aged 41, joined the Group on 17 May 2021 as the general manager of the commercial property division of Yongsheng Property and, on 1 January 2022, was concurrently appointed as the general manager of the central business department and then promoted to assistant president of the Group.

Prior to joining the Group, from July 2007 to April 2016, Mr. Xia worked for Shanghai CBRE Property Consulting Co., Ltd. (上海世邦魏理仕物業顧問有限公司) as an assistant manager, senior manager and deputy director of the asset services department in East China region. From May 2016 to May 2021, Mr. Xia joined Onewo Inc. (萬物雲空間科技服務股份有限公司), the shares of which are listed on the Stock Exchange (stock code: 2602), and served as the director of Facility Management Centre (設施管理中心) and Group Competence Centre (集團能力中心) of Shenzhen Onewo Business Enterprise Property Services Company Limited (深圳萬物商企物業服務有限公司), the general manager of Hefei Company of Shenzhen Cushman & Wakefield Vanke Service Property Services Co., Ltd. (深圳市萬物梁行物業服務有限公司) and the general manager of the market development department of Shanghai region, respectively.

Mr. Xia graduated from Tongji University (同濟大學) majoring in engineering management and obtained a bachelor's degree in economics and management. Mr. Xia obtained professional certificates such as Chartered Housing Manager (英國特許房屋經理), Royal Chartered Surveyor (英國皇家特許測量師) and China Property Valuer.

Ms. TAN Tan (談丹), aged 43, joined the Group on 8 November 2021 as business assistant to the president and general manager of group strategy department. Prior to joining the Group, for nearly 10 years from 2010 to 2015 and from 2017 to 2021, Ms. Tan worked as a consulting manager, senior consulting manager and associate partner in the global enterprise consulting services division of International Business Machines (IBM) Corporation. From 2004 to 2010, Ms. Tan worked as a consulting manager and consultant in Accenture (China) Co., Ltd. (埃森哲(中國)有限公司) and China Hewlett-Packard Co., Ltd. (中國惠普有限公司).

Ms. Tan graduated from Guanghua School of Management of Peking University (北京大學光華管理學院) with a bachelor's degree in finance in 2004 and obtained a master's degree in MBA from ESSEC Business School in France in 2009.

The Board is pleased to present the corporate governance report for the annual report of the Company for the year ended 31 December 2024.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted and applied the principles of good corporate governance and complied with the code provisions set out in Part 2 of the CG Code during the Reporting Period.

The Company will continue to review and enhance its corporate governance practices, and identify and formalize appropriate measures and policies, to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding dealings in the securities of the Company. Having made specific enquiries to all the Directors, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code during the Reporting Period.

The Board has also adopted the Model Code to regulate all dealings by relevant employees, including any employee or a director or employee of a subsidiary or holding company, who, because of his office or employment, are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the Reporting Period after making reasonable enquiry.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board Committees including the Strategy Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

Composition of the Board

During the year ended 31 December 2024 and up to the date of this annual report, the Board comprised seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. Members of the Board are listed below:

Member of the Board	Position	Date of appointment
Executive Directors		
Mr. Lin Zhong	Chairman of the Board and executive Director	16 April 2018
Mr. Zhou Hongbin	Executive Director and president	25 July 2018
Mr. Zhou Di	Executive Director and chief financial officer	30 March 2020
Non-executive Director		
Ms. Cui Xiaoqing	Non-executive Director	30 November 2023
Independent Non-executive Directors		
Mr. Ma Yongyi	Independent non-executive Director	26 November 2018
Mr. Cheung Wai Chung	Independent non-executive Director	26 November 2018
Mr. Yu Tiecheng	Independent non-executive Director	16 November 2021

All Directors, including non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

Biography of each Director is set out in the section headed "Profile of Directors and Senior Management" of this annual report. Save as disclosed in the section headed "Profile of Directors and Senior Management" of this annual report, there is no financial, business, family or other material or relevant relationships among members of the Board and senior management.

Chairman and President

Mr. Lin Zhong is the chairman of the Board. According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established. Mr. Lin Zhong currently assumes the role of chairman of the Board while Mr. Zhou Hongbin, our executive Director and president, assumes the role of chief executive. The Board considers that this structure could enhance efficiency in formulation and implementation of the Company's strategies.

Independent Non-executive Directors

During the Reporting Period, the Company has three independent non-executive Directors in compliance with Rules 3.10(1) and 3.10(2) of the Listing Rules, with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise. The number of independent non-executive Directors exceeds one third of the number of the Board members.

The independent non-executive Directors have made confirmations to the Company regarding their independence during the Reporting Period for purpose of Rule 3.13 of the Listing Rules. Based on the confirmations of the independent non-executive Directors, the Company confirms it considers each of them to be independent during the Reporting Period.

Board Independence

The Board has established mechanisms to ensure independent views and input are available to the Board. The summary of the mechanisms is set out below:

The Board ensures the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time). Further, independent non-executive Directors will be appointed to Board Committees as required under the Listing Rules and as far as practicable to ensure independent views and input are available.

The Nomination Committee strictly adheres to the nomination policy with regard to the nomination and appointment of independent non-executive Directors, and is mandated to assess annually the independence of independent non-executive Directors to ensure that they can continually exercise independent judgement.

No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

Directors (including independent non-executive Directors) are entitled to seek further information from the management on the matters to be discussed at Board meetings and, where necessary, independent advice from external professional advisers at the Company's expense.

A Director (including independent non-executive Director) who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution or meeting approving the same.

An annual review of the implementation and effectiveness of such mechanisms would be conducted. During the year ended 31 December 2024, the Board at all times met the requirements of the Listing Rules relating to the appointment of independent Non-executive Directors. The Company has received confirmation of independence from each of the independent non-executive Directors and considers them to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgement.

The Board has reviewed and considered that the mechanisms are effective in ensuring that independent views and input are provided to the Board during the year ended 31 December 2024.

Appointment and Re-election of Directors

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association.

Each of our executive Directors has entered into a service agreement with our Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of our non-executive Director and our independent non-executive Directors has entered into a letter of appointment with our Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other.

Article 84 of the Articles provides that at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

In accordance with the Articles of Association, any new director appointed to fill a causal vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment. Any director appointed as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Training and Continuous Professional Development

All the Directors namely, Mr. Lin Zhong, Mr. Zhou Hongbin, Mr. Zhou Di, Ms. Cui Xiaoqing, Mr. Ma Yongyi, Mr. Cheung Wai Chung and Mr. Yu Tiecheng, have complied with code provision C.1.4 of the CG Code and participated in continuous professional development to develop and refresh their knowledge and skills and to ensure that their contribution to the Board remains informed and relevant.

Each newly appointed Director would also be provided with necessary induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under relevant statues, laws, rules and regulations.

During the Reporting Period, all the Directors have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefing and professional development to Directors will be arranged whenever necessary.

According to information provided by the Directors, records of training received by each director during the year ended 31 December 2024 are summarized below:

Directors	Types of Training
Mr. Lin Zhong	A
Mr. Zhou Hongbin	A, B
Mr. Zhou Di	A
Ms. Cui Xiaoqing	B
Mr. Ma Yongyi	A
Mr. Yu Tiecheng	A
Mr. Cheung Wai Chung	A

A *Attending briefing(s) and/or seminar(s) and/or conference(s)*

B *Reading materials relating to directors' duties and responsibilities*

Directors' Responsibility on Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the financial year ended 31 December 2024.

The Directors are responsible for overseeing the preparation of financial statements of the Company with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and relevant statutory and regulatory requirements and applicable accounting standards are complied with.

The Board has received from the senior management the management accounts and such accompanying explanation and information as are necessary to enable the Board to make an informed assessment for approving the financial statements.

As at 31 December 2024, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt on the Group's ability to continue as a going concern.

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the Shareholders. The statements by external auditor, Prism Hong Kong Limited, about their reporting responsibility on the consolidated financial statements of the Group are set out in the independent auditor's report in this annual report.

Board Meetings and General Meetings

The Board holds at least four meetings a year at approximately quarterly intervals. Additional meetings would be arranged when required. Notices for all regular Board meetings will be given to all Directors at least 14 days before the meetings and the agenda and accompanying Board paper will be given to all Directors at least 3 days before the meetings in order that they have sufficient time to review the papers. Minutes of meetings are kept by the company secretary with copies circulated to all Directors or Board Committee members for information and records. Directors who have conflicts of interest in a board resolution have abstained from voting for that resolution.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors/Board Committee members. Draft and final versions of the minutes of each Board meeting and Board Committee meeting are sent to the Directors/Board Committee members for comments and records respectively within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors. All Directors shall obtain information related to the Board resolutions in a comprehensive and timely manner. Any Director can seek independent professional advice at the Company's expense after making reasonable request to the Board.

The attendance record of each director at the Board meetings and the general meetings of the Company held during the year ended 31 December 2024 is set out in the table below:

	Attendance/number of meetings held		
Name of Directors	Board Meetings	Annual General Meeting	Extraordinary General Meeting
Mr. Lin Zhong	4/4	1/1	2/2
Mr. Zhou Hongbin	4/4	1/1	2/2
Mr. Zhou Di	4/4	1/1	2/2
Ms. Cui Xiaoqing	4/4	1/1	2/2
Mr. Ma Yongyi	4/4	1/1	2/2
Mr. Cheung Wai Chung	4/4	1/1	1/2
Mr. Yu Tiecheng	4/4	1/1	2/2

BOARD COMMITTEES

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Ma Yongyi, Mr. Yu Tiecheng and Mr. Cheung Wai Chung. Mr. Cheung Wai Chung, who holds the appropriate professional qualifications as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules, serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee include examining independently the financial positions of the Company, overseeing the Company's financial reporting system, risk management and internal control system, the audit process and proposals of internal management, communicating independently with, monitoring and verifying the work of internal audit and external auditors.

During the year ended 31 December 2024, the Audit Committee held two meetings to review annual financial results and report for the year ended 31 December 2023 and interim financial results and report for the six months ended 30 June 2024 and to review significant issues on the financial reporting and compliance procedures, internal control and the independence, scope of work and appointment of external auditor. The attendance record of the Audit Committee members is set out in the table below:

Name of Directors	Attendance/number of meetings held
Mr. Ma Yongyi	2/2
Mr. Yu Tiecheng	2/2
Mr. Cheung Wai Chung	2/2

The Audit Committee reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function), risk management systems and processes and the reappointment of the external auditor and fulfilled duties as required aforesaid. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor. They also reviewed final results of the Company and its subsidiaries for the fiscal year as well as the audit report prepared by the external auditor relating to accounting issues and major findings in the course of audit. There are proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters. The written terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

Remuneration Committee

The Remuneration Committee consists of one executive director, namely Mr. Lin Zhong, two independent non-executive directors, namely Mr. Ma Yongyi, and Mr. Yu Tiecheng. Mr. Yu Tiecheng is the chairman of Remuneration Committee. The primary duties of the Remuneration Committee are, among other things, to recommend the Board on the Group's remuneration policy and structure for the Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives, to determine, with delegated responsibility, the remuneration packages of the executive Directors and senior management, and to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules, if any.

The Remuneration Committee has adopted the model described in code provision E.1.2(c)(i) of the CG Code in its terms of reference.

During the year ended 31 December 2024, one meeting of the Remuneration Committee was held and the attendance record of the Remuneration Committee members is set out in the table below:

Name of Directors	Attendance/number of meetings held
Mr. Lin Zhong	1/1
Mr. Ma Yongyi	1/1
Mr. Yu Tiecheng	1/1

The Remuneration Committee discussed and reviewed the remuneration policy for Directors and senior management of the Company, determined the remuneration packages of individual executive Directors and senior management with delegated responsibility and fulfilled duties as required aforesaid.

Nomination Committee

The Nomination Committee consists of one executive director, namely Mr. Lin Zhong, and two independent non-executive directors, namely Mr. Ma Yongyi, and Mr. Yu Tiecheng. Mr. Lin Zhong is the chairman of Nomination Committee.

The primary duties of the Nomination Committee are, among other things, to review the structure, size and composition of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, to make recommendation to the Board regarding candidates to fill vacancies on the Board and/or in the management, to assess the independence of the independent non-executive Directors, and to review the Board Diversity Policy and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision. The written terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

During the year ended 31 December 2024, one meeting of the Nomination Committee was held and the attendance record of the Nomination Committee members is set out in the table below:

Name of Directors	Attendance/number of meetings held
Mr. Lin Zhong	1/1
Mr. Ma Yongyi	1/1
Mr. Yu Tiecheng	1/1

The Nomination Committee assessed the independence of independent non-executive Directors, considered the re-appointment of the retiring Directors, reviewed the time commitment required from the non-executive Director and fulfilled duties as required aforesaid.

Strategy Committee

The Strategy Committee consists of four executive directors, namely Mr. Lin Zhong, Mr. Zhou Hongbin and Mr. Zhou Di, and one non-executive director, namely Ms. Cui Xiaoqing. Mr. Lin Zhong is the chairman of Strategy Committee.

The primary duties of the Strategy Committee are, among other things, to assist the Board in formulating and evaluating the development strategies and implementation plans of the company's medium and long-term strategic objectives; and make recommendations to the Board on material matters, material investment and financing plans.

During the year ended 31 December 2024, one meeting of the Strategy Committee was held and the attendance record of the Strategy Committee members is set out in the table below:

Name of Directors	Attendance/number of meetings held
Mr. Lin Zhong	1/1
Mr. Zhou Hongbin	1/1
Mr. Zhou Di	1/1
Ms. Cui Xiaoqing	1/1

BOARD DIVERSITY POLICY

The Board has adopted a Board Diversity Policy in accordance with the requirements of the Listing Rules with effect from 26 November 2018 which sets out the approach to achieve diversity on the Board. The Board Diversity Policy is intended to set out the basic principles to ensure that members of the Board achieve an appropriate balance of skills, experience and perspectives to enhance the effective function of the Board and maintain a high standard of corporate governance.

Nominations and Appointments

Pursuant to the nomination policy, all Board nominations and appointments shall be based on the principle of meritocracy, daily business needs and the benefits of diversity on the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee is primarily responsible for identifying persons with suitable qualifications and selecting nominees to serve as director or to advise the Board on this.

Measureable Objectives

Selection of candidates will be based on a range of diversity and refer to the business model and specific needs of the Company, including but not limited to gender, age, ethnicity, language, cultural background, educational background, industry experience and professional experience. With regards to gender diversity on the Board, the Company recognizes the particular importance of gender diversity. Currently the Board is not a single gender board, the Board is satisfied that gender diversity has been achieved at Board level. The Company will ensure that gender diversity is taken into account when recruiting staff members of mid to senior level and ensure that sufficient resources are available for providing appropriate trainings and career development to develop a pipeline of potential successors to the Board and maintain gender diversity.

The following sets out the total workforce (including senior management) by gender of the Group as at 31 December 2024:

	Number of Employees	Percentage
Male	15,545	60.4
Female	10,189	39.6

The Group has made progress in past years to maintain a satisfactory gender mix. All human resources processes including recruitment, promotion, rewards and career development opportunities continue to be based on competence, knowledge, experience and merit of the employees and prospective employees, regardless of gender. To ensure diversity at workforce level, the Group has put in place appropriate recruitment and selection practices such that a diverse range of candidates with different age, gender and experiences are considered. The Group has also established talent management and training programs to provide career development guidance and promotion opportunities to develop a broad and diverse pool of skilled and experienced employees. The Company will continue to implement measures and steps to promote and enhance gender diversity at all levels.

Policy Statement

In order to achieve sustainable and balanced development, the Company regards the increment of diversification in board level as the key element to support its strategic goals and sustainable development. All appointments of the Board are based on the principle of meritocracy and considering the benefits of diversity of the Board.

Monitoring and Reporting

The Board is responsible for reviewing the Board Diversity Policy, expanding and reviewing measurable objectives to ensure the implementation of the Board Diversity Policy and to monitor progress towards measurable objectives. The Board reviews the Board Diversity Policy and measurable objectives at least annually, or at the appropriate time, to ensure the Board Diversity Policy continues to be effective. The Board has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved Board diversity during the year ended 31 December 2024.

CORPORATE GOVERNANCE FUNCTION

The Board recognises that corporate governance should be the collective responsibility of Directors which include:

- to formulate and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the Listing Rules and disclosure in the Corporate Governance Report.

CORPORATE CULTURE

The Company has built a scientific, complete and clear standard corporate culture system around customer needs. We uphold the mission of "Building Better Lives" and are committed to achieving the vision of "Grow into A Customer-preferred Smart City Service Brand". We ensure that our corporate culture is clearly communicated to all staff through a variety of channels, including readings, posters and storytelling. We promote "an appreciative eye, a grateful heart" in the Company, and through multiple merit ratings and timely incentives, etc., we recognize and commend culture benchmarking behaviours in a timely manner to guide our staff to practise our corporate culture and provide satisfactory and surprising services to our customers, so that customers can really get a service experience of "trouble-free, worry-free, and discontent-free".

Mission	Building Better Lives
Vision	Grow into A Customer-preferred Smart City Service Brand
Values	Let customer be trouble-free, worry-free, and discontent-free An appreciative eye, a grateful heart Happy struggle With heart and soul every day Better for ourselves than for everyone else
Operating Management Principles	Principle of Development, Principle of Service, Principle of Cooperation, Principle of Innovation, Principle of Decision-making, Principle of Authorization, Principle of Implementation, Principle of Risk Control.

COMPANY SECRETARY

Ms. Chan Yin Wah, an associate director of SWCS Corporate Services Group (Hong Kong) Limited, was appointed as the company secretary of the Company on 20 July 2021 and has taken no less than 15 hours of relevant professional training during 2024 and has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements. The primary contact person of Ms. Chan Yin Wah at the Company is Mr. Zhou Di, the executive Director and chief financial officer.

AUDITORS

The financial statements contained in this annual report have been audited by Prism Hong Kong Limited. The remuneration paid/payable to the external auditors of the Company in respect of audit services and non-audit services is set out below:

Services rendered	Amount (RMB)
Annual audit	3,060,000
Non-audit services	900,000
Total	3,960,000

The non-audit services mainly included the review of 2024 interim results. The statement of the external auditors of the Company about its reporting responsibilities for the consolidated financial statements is set out in the independent auditors' report of this annual report on pages 87 to 92.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibilities for maintaining an adequate risk management and internal control systems to safeguard Shareholders' investments and Company's assets and with the support of the Audit Committee, reviewing the effectiveness of such systems on an annual basis. The review covers all material controls, including financial, operational and compliance controls.

The Group utilizes an integrated risk management system to minimize and protect against a range of strategic, business, financial and legal risks. Through our risk management system, we seek to manage and reduce risks, encourage effective and reliable communication, maintain legal compliance and improve the efficiency of our business and management. This system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Our risk management system is implemented on three levels. Its implementation starts with the manager of each department who is responsible for organizing the daily work in accordance with the relevant policies. The second level involves the active role of the risk management center which centralize our risk management policies and supervise the individual departments through periodic audits. Finally, the highest level involves decision-making by Board regarding certain risk management decisions. The relevant personnel at these three levels are in frequent communication in order to ensure accurate information is shared between all parties.

In order to formulate and implement effective policies, our risk management system emphasizes continuous information gathering. Our risk management system collects data on a variety of business, financial and legal risks such as market demand, technological trends and innovations, comparisons with our competitors, our financial performance and results of operation, costs of services, changes in intellectual property law, company laws and possible legal disputes.

The information gathered is used for risk assessment. Our risk assessment procedures take into account our Company's overall risk philosophy and seek to accurately evaluate how a potential risk may affect our objective in the strategic, business, compliance and financial reporting areas. We seek to identify both internal risks, such as employee ethics, our financial condition or product quality, as well as external risks, such as economic and legal developments, technology advances and environmental factors. Identified risks are assessed on the basis of likelihood of occurrence and the degree of influence it may have on our business. Risks with a high probability of occurring are more closely examined in order to ensure accurate results. We then determine what countermeasures should be implemented in order to avoid, absorb or reduce such risks and any negative consequences.

During the year, as there was a delay in publishing the announcement for the payment of deposits by the Group to the associates of the Ultimate Controlling Shareholders under the sales agency services, which constituted continuing connected transactions of the Company, the Board has performed an assessment (the "**Review**") on the internal control measures of the Company to determine whether such delay indicates any internal control deficiencies. Based on the Review, the Board is of the view that the Company's internal control policies and procedures for connected transactions (the "**CP Policies**") comply with the requirements of Chapter 14A of the Listing Rules and believes that the reason for the delay in publication of the announcement is due to the inadvertent oversight of the relevant personnel responsible for connected transaction (mainly consisting the finance and business departments of the Company) (the "**CP Team**") who was primarily focused on the sales agency services between the Group and the CIFI Group in the lead up to the resumption of trading in the shares of the Company in September 2023 and inadvertently omitted to consider the sales agency service between the Group and the associates of the Ultimate Controlling Shareholders.

As part of the Review, the Board noticed that there were minor deficiencies in the implementation of the CP Policies, which were summarised below:

A. Outdated List of Connected Persons

Pursuant to the CP Policies, the Company is required to formulate a list of connected persons (the "**CP List**") and regularly update the CP List on a semi-annually basis. Although the Company regularly checks with its substantial shareholders regarding the identity of their respective associates (as defined under the Listing Rules), the written records for such updates had not been systematically archived. This may lead to the CP List maintained by the Company not being updated in a systematic manner and therefore may not include all connected persons of the Company.

B. Identification of Connected Transactions

Although the CP Policies mandate the relevant business department to determine whether a transaction falls within the definition of connected transaction (as defined under the Listing Rules) on the internal approval form, the form didn't ask for confirmation that a transaction is a connected transaction or, to the extent relevant, information on the connected person(s).

C. Size Tests Calculations Management

The CP Policies set out how size tests should be calculated in accordance with Rule 14.07 of the Listing Rules and procedures for approving size test calculations and the monitoring and aggregating of transaction amounts of the Group's existing continuing connected transaction (including the deposits payable and to be paid by the Group).

However, it is noted during the Review that certain members of the CP Team may from time to time fail to (i) specify whether a transaction is a new connected transaction or an individual transaction under an existing continuing connected transaction when submitting it for internal approval; (ii) provide size test calculations for transactions that are exempt from the announcement requirement under Chapter 14A of the Listing Rules during the approval process for verification; and (iii) properly archive written records of size test calculations for transactions mentioned in (ii). These non-recurring oversights may lead to size test calculations not being properly managed in accordance with the CP Policies.

D. Backlog of Training Sessions During Trading Resumption Application

The Company's finance department conducts training for relevant personnel within the finance department and officers-in-charge of regional finance departments on connected transactions. If there are any changes to the relevant personnel within the Company's finance department or to the officers-in-charge of regional finance departments, separate training sessions will be arranged for such new personnel.

However, there was a backlog of training sessions in 2023 as the Company's finance department was overstretched with various workstreams when the trading of the shares of the Company was suspended (including but not limited to finalising its results announcements and satisfying other resumption guidance issued by the Stock Exchange). As a result, the relevant personnel may not have received sufficient training for connected transactions in a timely manner to handle potential connected transactions.

As a result of the above minor deficiencies in the implementation of the CP Policies, the Board has implemented the following improvements (the "**Improvements**") to enhance the implementation of the CP Policies:

A. Complete list of Connected Persons

The procedures for maintaining and updating the CP List have been refined and enhanced. This enables the relevant personnel of the finance and business departments of the Group to rely on an accurate and up-to-date CP List.

B. Clarifying the Nature of Connected Transactions

Members of the CP Team have been reminded of the Policies, particularly the requirement to explicitly indicate whether a transaction is a connected transaction during the approval process. If it is a connected transaction, the Company's relationship with the contracting party must also be specified. The contract approval form in the Company's office automation system has been amended to require the provision of such information when a transaction is submitted for approval.

C. Clear Size Test Calculations Management and Transactions Monitoring

Members of the CP Team have been reminded of the Policies and in particular, the strict requirement to properly archive written records of size test calculations for future reference and provide size test calculations during the approval process for verification.

In addition, the chief financial officer of the Company has now been mandated to regularly review and report on the implementation of the CP Policies and should specifically evaluate whether the approval processes have been complied with for each connected transaction. Further, the size test calculations are now reviewed by the chief financial officer of the Company in addition to the personnel approving the transactions to enhance the accuracy of calculations and classifications.

D. Training for Connected Transactions

The CP Team has further refined and enhanced the connected transactions training procedures, which include the following:

(i) increased the frequency of training sessions to quarterly basis (so as to capture incoming personnel on a timely basis) for relevant management personnel; and

(ii) management personnel to provide connected transaction training to their subordinates covering all members of the Group on a regular basis. This would ensure that all relevant staff across the Group have a comprehensive understanding of the Policies.

In addition to the above, the Company has resolved to undertake the following additional measures to assist the CP Team and the finance personnel of the Company to keep abreast of the development (including interpretation) of the Listing Rules:

(i) the legal advisers of the Company have been requested to provide update trainings on connected transactions to the finance department of the Company on a regular basis with a view to ensuring that the CP Team and the finance personnel of the Company would be well aware of the latest market practices and guidance provided by the Stock Exchange on connected transactions; and

(ii) in the event of any uncertainty arising from the interpretation or application of the Listing Rules, promptly consulting professional advisers and, if necessary, the Stock Exchange before proceeding with such transactions.

After considering the results of the Review, the Board is of the view that the remedial measures that have already been implemented and the Improvements implemented are adequate and sufficient to address the minor deficiencies in the implementation of the CP Policies as identified in the Review.

The Group has set up an internal audit department, which assists the Board and/or the Audit Committee on the ongoing review of the effectiveness of the Group's risk management and internal control systems. The risk management and internal control system are reviewed at least annually and have been carried out under the leadership of the Board and the Audit Committee and the Board has conducted a comprehensive review of the risk management and internal control system for the year ended 31 December 2024. The Board is not aware of any significant internal control and risk management weaknesses nor significant breach of limits or risk management policies. The Board, through the review of the Audit Committee, considers that the current risk management and material control systems of the Company are effective and that the qualifications and experience of the staff, performing accounting and financial reporting functions and the training programmes of the Company as well as the experiences and resources for setting the budget of the Company are adequate. The Company has complied with the requirements under code provisions D.2.1 to D.2.5 and D.3.3 of the CG Code relating to risk management and internal control.

POLICIES FOR WHISTLEBLOWING AND ANTI-CORRUPTION

The Group has established a series of internal integrity management and business management systems to regulate employee behavior, prevent corruption and fraud, and create a working atmosphere with honesty and integrity.

We have "zero tolerance" attitude for corruption, and encourage employees and any person to report concerns about any suspected or actual improprieties relating to the Group. Moreover, the Group has adopted the whistleblowing and anti-corruption policy which provides guidance to our employees on how to recognize and deal with corruption. Every employee has a duty to report any potential violations of the policy to the Company through the channels set out therein. The Group will take appropriate actions against such improprieties and, where appropriate, report the cases to the relevant enforcement authorities.

The whistleblowing and anti-corruption policy, as well as the whistleblowing channels, has been disclosed on the website of the Company, and reviewed annually to ensure its continuous effectiveness.

DISCLOSURE OF INSIDE INFORMATION

The Company has put in place an internal policy for the handling and disclosure of inside information in compliance with the SFO. The internal policy sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner and provides the Directors, senior management and relevant employees a general guide in monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIVIDEND POLICY

The Company has adopted a dividend policy on payment of dividends. Declaration of dividends is subject to the discretion of our Directors, depending on our results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividends paid by us, future prospects, as well as any other factors which our Directors may consider relevant. The Company does not have any pre-determined dividend payout ratio. The Board has absolute discretion as to whether to declare any dividend for any year, and in what amount. However, the Board wishes to maintain a dividend payout ratio of no less than 50% in the next two years. We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors. All resolutions put forward at Shareholder meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Procedures for Shareholders to Convene an Extraordinary General Meeting

According to Article 58 of the Articles of Association, general meetings can be convened on the written requisition of any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The procedures and contact details for putting forward proposals at Shareholders' meeting

The annual general meeting and other general meetings provide an important opportunity for Shareholders to express their views and the Company encourages and promotes shareholder attendance and participation at general meetings.

The Board members, in particular, the chairman or his delegates, appropriate members of management team and external auditors of the Company will attend annual general meetings to answer Shareholders' questions.

Shareholders attending the annual general meeting and other general meetings are allowed to have a reasonable opportunity to ask questions regarding the items on the meeting agenda, including but not limiting to questions to the external auditor regarding the conduct of the audit and the preparation and content of the auditor's report.

Procedures for Shareholders to Propose a Person for Election as a Director

If a Shareholder wishes to propose a person other than a Director for election as a Director at the Company's general meeting ("**Proposal**"), he/she should lodge a written notice setting out the Proposal and his/her contact details at the principal place of business of the Company or the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited. The Proposal should include the biographical details of the proposed Director and a written notice signed by the proposed Director confirming his/her willingness to be elected, the accuracy and completeness of his/her biographical details.

The procedures by which enquires may be put to the Board and sufficient contact details to enable these enquires to be properly directed

If you have any query in connection with your shareholdings, please write to or contact the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at:

Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Tel: (852) 2862 8555
Fax: (852) 2119 9137
Website: https://www.computershare.com

To contact the Company in relation to your query about the Company, the contact details are as follows:

Email: IR@ysservice.com.cn

SHAREHOLDERS COMMUNICATION POLICY

The Company has maintained a Shareholders communication policy which aims at promoting effective communication with the Shareholders and investors and enabling them to exercise their rights in an informed manner. It is the Company's general policy to maintain an on-going dialogue with the Shareholders. Designated contact person maintains regular communication and dialogue with the Shareholders. Enquiries from investors are dealt with in an informative and timely manner. The Company also ensures effective and timely dissemination of information to the Shareholders. As a channel to further promote effective communication, the Group has set up a website at www.ysservice.com.cn where the Company's announcements and press releases, business developments and operations, financial information, and other relevant information are posted. There are multiple channels for shareholders to communicate their views on various matters affecting the Company. In particular, Shareholders may make enquiries to the Company through the Company's investor relations by email at IR@ysservice.com.cn or directly by raising questions at general meetings. Shareholders are also welcome to send written enquiries directly to the Company at its principal place of business in Hong Kong. The Company will deal with all enquiries in a timely and appropriate manner. In view of the above, the Board considers that the Shareholders communication policy is effective during the year ended 31 December 2024.

DEED OF NON-COMPETITION BY ULTIMATE CONTROLLING SHAREHOLDERS

The Ultimate Controlling Shareholders have made an annual declaration to the Company that during the year ended 31 December 2024, he/she/it and his/her/its associates have complied with the terms of the Deed of non-Competition given in favour of the Company. Details of the Deed of Non-Competition are set out in the section headed "Relationship with the Controlling Shareholders" of the Prospectus. The independent non-executive Directors have also reviewed the status of compliance by the Ultimate Controlling Shareholders with the undertakings in the Deed of Non-Competition and as far as the independent non-executive Directors can ascertain, there is no breach of any of the undertakings in the Deed of Non-Competition.

CHANGE IN CONSTITUTIONAL DOCUMENTS

On 27 March 2024, the Board proposed to amend the then existing Memorandum and Articles of Association for the purposes of, among others, updating and bringing the Articles of Association in line with the latest regulatory requirements pursuant to the Proposals to Expand the Paperless Listing Regime and Other Rule Amendments published by the Stock Exchange in June 2023 and the relevant amendments to the Listing Rules of which came into effect on 31 December 2023, mandating the electronic dissemination of corporate communications by listed issuers to their securities holders. The proposed amendments were approved by the Shareholders at the annual general meeting of the Company convened and held on 6 June 2024. For details, please refer to the announcements of the Company dated 27 March 2024 and 26 April 2024, and the circular of the Company dated 26 April 2024.

An up-to-date copy of each of the Memorandum and Articles of Association is available on the websites of the Company and the Stock Exchange.

CHANGE OF COMPANY NAME

References are made to the announcements of the Company dated 22 December 2023 and 15 April 2024, and the circular of the Company dated 31 January 2024. Following the passing of a special resolution at the extraordinary general meeting of the Company convened and held on 28 February 2024, the English name of the Company has been changed from "CIFI Ever Sunshine Services Group Limited" to "Ever Sunshine Services Group Limited" and the dual foreign name of the Company in Chinese has been changed from "旭辉永升服务集团有限公司" to "永升服务集团有限公司". The stock short names of the Company for trading in the Shares on the Stock Exchange has been changed from "CIFI ES SERVICE" to "ES SERVICES" in English and from "旭輝永升服務" to "永升服務" in Chinese, and the website of the Company has been changed from "www.cifies.com" to "www.ysservice.com.cn", both with effect from 18 April 2024.

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL BUSINESS ACTIVITIES

The Company was incorporated in the Cayman Islands on 16 April 2018 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The Group is principally engaged in the provision of property management services, community value-added services, value-added services to non-property owners and city services in the PRC.

The activities and particulars of the Company's subsidiaries are shown under note 30 to the consolidated financial statements in this annual report. An analysis of the Group's revenue and operating profit for the year by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and notes 6 and 9 to the consolidated financial statements in this annual report.

RESULTS

The consolidated results of the Group for the year ended 31 December 2024 are set out on pages 93 to 193 of this annual report.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK$0.0668 per Share for the year ended 31 December 2024. The final dividend is subject to the approval of the Shareholders at the AGM and is expected to be paid on 6 June 2025 to the Shareholders whose names appear on the register of members of the Company after the close of business on 30 May 2025.

Subject to the approval by the Shareholders of the proposed final dividend for the year ended 31 December 2024, the total dividend for the full year of 2024 will achieve HK$0.1843 per Share. The Company will endeavor to maintain a dividend payout ratio of no less than 50% in the next two years.

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

(i) from 19 May 2025 to 22 May 2025, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 16 May 2025; and

(ii) from 28 May 2025 to 30 May 2025, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining Shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 16 May 2025.

BUSINESS REVIEW

A review of the Group's business during the year, which includes a discussion of the principal risks and uncertainties facing by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the year, and an indication of likely future developments in the Group's business, could be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report" in this annual report. The review and discussion form part of this directors' report.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHER STAKEHOLDERS

The Group is of the view that employees are the foundation for the Group's business operations and an important asset of the Group. By providing employees with an ideal working environment and opportunities for sustainable development, the Group and our employees improve and grow together. More details of our relationship with employees are set out in the section headed "Human Resources" in this annual report.

The Group maintains a good relationship with its customers and suppliers. The Group's property management services are based on the principle of customer orientation, and we strive to continuously improve and explore innovative ideas to provide customers with "satisfactory + surprising" (滿意 + 驚喜) services. We value customer feedback and has established customer complaint handling procedures to ensure customers' complaints are dealt with in a timely and effective manner. We also value collaboration with our business partners to set up sustainable supply chains and achieve win-win solution. More details could be found in the section headed "Major Suppliers and Customers" in this annual report.

The Board believes effective communication and timely information disclosure builds the Shareholders' and investors' confidence, and also facilities the flow of constructive feedback that are beneficial for investor relations and future corporate development. For more details, please refer to the section headed "Corporate Governance Report" in this annual report.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 194 of this annual report. This summary does not form part of the audited consolidated financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

During the Reporting Period, the Group's largest customer, Red Star Macalline Group Corporation Ltd. ("**Red Star Macalline**") and its subsidiaries, branch companies and associates (the "**Red Star Macalline Group**"), accounted for 8.9% of the Group's total revenue. The Group's five largest customers accounted for 13.7% of the Group's total revenue.

During the Reporting Period, the Group's largest supplier accounted for 1.4% of the Group's total purchase. The Group's five largest suppliers accounted for 4.2% of the Group's total purchase.

For the year ended 31 December 2024, revenue derived from CIFI Group and its associates amounted to RMB413.3 million, representing approximately 6.0% of our annual revenue. Except for the above, none of the Directors or any of their close associates (as defined under the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest suppliers or the Group's five largest customers.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2024 are set out in note 14 to the consolidated financial statements in this annual report.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 December 2024 are set out in note 26 to the consolidated financial statements in this annual report.

RESERVES

Details of the movement in the reserves of the Group and of the Company during the year ended 31 December 2024 are set out in the consolidated statements of changes in equity and note 29 to the consolidated financial statements in this annual report, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's distributable reserves were RMB2,190.7 million.

BORROWINGS

As at 31 December 2024, the Group's borrowings were RMB35.5 million (31 December 2023: RMB45.0 million).

CHARITABLE CONTRIBUTIONS

During the year ended 31 December 2024, the Group did not make charitable contributions.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report were as follow:

Executive Directors

Mr. LIN Zhong *(Chairman)*
Mr. ZHOU Hongbin *(President)*
Mr. ZHOU Di

Non-executive Director

Ms. Cui Xiaoqing

Independent Non-executive Directors

Mr. MA Yongyi
Mr. CHEUNG Wai Chung
Mr. YU Tiecheng

In accordance with article 84(1) of the Articles of Association, Mr. Lin Zhong, Mr. Zhou Hongbin and Mr. Ma Yongyi shall retire by rotation, and being eligible, have offered themselves for re-election at the AGM.

Details of the Directors to be re-elected at the AGM are set out in the circular to be sent to Shareholders.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group as at the date of this annual report are set out on pages 39 to 44 in the section headed "Profile of Directors and Senior Management" to this annual report.

Saved as disclosed in this report, as at the date of this annual report, the Directors confirmed that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence from each of the independent non-executive Directors for the purpose of Rule 3.13 of the Listing Rules and the Company confirms it considers such Directors to be independent during the year ended 31 December 2024 and remain so as of the date of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for a term of three year, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of the non-executive Director and the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other.

The appointments of the Directors are subject to the provisions of retirement and rotation of Directors under the Articles.

Save as disclosed above, none of the Directors has entered into any service contract with the Company or any of its subsidiaries (excluding contracts expiring or determinable by the Company within one year without payment of compensation, other than statutory compensation).

MANAGEMENT CONTRACTS

Other than the Directors' service contract and letters of appointment, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at the end of the year or at any time during the year ended 31 December 2024.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2024 and subsisted as at 31 December 2024.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, a permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the financial year. The Company has purchased the Directors' and Officers' Liability Insurance to provide protection against claims arising from the lawful discharge of duties by the Directors.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management of the Group are decided by the Remuneration Committee with delegated responsibility, having regard to the Group's operating results, individual performance and comparable market statistics.

Details of the emoluments of the Directors and the five highest paid individuals are set out in note 13 to the consolidated financial statements in this annual report.

The remuneration of the members of senior management of the Company for the year ended 31 December 2024 by band is set out below:

Remuneration level (RMB)	Number of persons
1,000,000 to 2,000,000	5

For the year ended 31 December 2024, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emoluments for the year ended 31 December 2024.

Except as disclosed above, no other payments have been made or are payable, for the year ended 31 December 2024, by our Group to or on behalf of any of the Directors.

HUMAN RESOURCES

The Group had 25,734 employees as at 31 December 2024, as compared to 24,605 employees as at 31 December 2023. The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits and liabilities for breaches and grounds for termination.

Remuneration of the Group's employees includes basic salaries, allowances, bonus and other employee benefits, and is determined with reference to their experience, qualifications and general market conditions. The emolument policy for the employees of the Group is set up by the Board on the basis of their merit, qualification and competence.

The Group is concerned about the career development of its employees, and has developed a comprehensive training programme covering different topics such as new employee orientation and professional skills training to meet the needs of employees at different levels.

RETIREMENT BENEFITS SCHEME

The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of the PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme. No forfeited contribution under this retirement benefits scheme is available to reduce the contribution payable in future years.

The Group also operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at 31 December 2024, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interest in Shares or Underlying Shares of our Company

Name of Director	Nature of Interest	Number of ordinary shares interested[(1)]	Approximate percentage in the Company's issued share capital
Mr. Lin Zhong [(2)(3)(4)(5)]	Interest in a controlled corporation, and co-founder of a discretionary trust	681,500,000 (L)	39.43 %
Mr. Zhou Hongbin	Beneficial owner	63,060,750 (L)	3.65 %
Mr. Zhou Di	Beneficial owner	3,450,800 (L)	0.20 %

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Elite Force Development is owned as to 50% by Mr. Lin Zhong, 25% by Mr. Lin Feng and 25% by Mr. Lin Wei. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei signed an acting in concert deed on 6 August 2018. Elite Force Development entrusted Spectron to exercise voting rights of shares directly held by Elite Force Development since 30 June 2020, while Elite Force Development continues to beneficially own the said shares and have rights to the dividends and distributions etc. attaching thereto. For details, please see "History, Reorganization and Corporate Structure" in the Prospectus dated 4 December 2018 and the announcements of the Company dated 29 May 2020 and 28 June 2020. By virtue of the SFO and based on the public information available, Mr. Lin Zhong are deemed to be interested in the Shares held by Elite Force Development.

(3) Spectron is indirectly wholly owned by CIFI Holdings. Mr. Lin Zhong, Mr. Lin Feng, Mr. Lin Wei signed an acting in concert deed on 6 August 2018. For details, please see "History, Reorganization and Corporate Structure" in the Prospectus dated 4 December 2018. By virtue of the SFO, Mr. Lin Zhong are deemed to be interested in the Shares held by Spectron.

(4) Rosy Fortune Investments Limited ("**Rosy Fortune**") is wholly owned by Gentle Beauty Assets Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust (Singapore) Limited ("**Standard Chartered Trust**") as the trustee of the Lin's Family Trust via SCTS Capital Pte. Ltd. ("**SCTS Capital**"). The Lin's Family Trust is a discretionary trust set up jointly by our Ultimate Controlling Shareholders as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Lin's Family Trust include certain family members of Mr. Lin Zhong. By virtue of the SFO, Mr. Lin Zhong is deemed to be interested in the Shares held by Rosy Fortune.

(5) Sun-Mountain Trust is a discretionary trust set up by Mr. Lin Feng as settlor and the beneficiary objects of the Sun-Mountain Trust include certain family members of Mr. Lin Feng. By virtue of the SFO, Mr. Lin Zhong is deemed to be interested in the 500,000 Shares held by Sun-Mountain Trust.

Interest in Shares or Underlying Shares of Associated Corporation

Name of Director	Associated Corporation	Capacity/nature of interest	Number of Shares	Approximate percentage of shareholding interest
Mr. LIN Zhong [(1)(2)]	CIFI Holdings	Founder of a discretionary trust, co-founder of a discretionary trust, beneficial owner and interest of his spouse	4,111,527,727	39.15%
Mr. Zhou Hongbin	CIFI Holdings	Beneficial owner	630,000	0.01%
Mr. Zhou Di	CIFI Holdings	Beneficial owner	80,000	0.001%
Ms. Cui Xiaoqing	CIFI Holdings	Beneficial owner	489,216	0.005%
Mr. LIN Zhong [(3)]	Xu Sheng	Interested in a controlled corporation	1	100%
Mr. LIN Zhong [(4)]	Spectron	Interested in a controlled corporation	1	100%
Mr. LIN Zhong [(5)]	Elite Force Development	Beneficial owner	100	100%

Notes:

(1) 1,363,754,301 shares of CIFI Holdings are held by Ding Chang Limited ("**Ding Chang**"). The entire issued share capital of Ding Chang is wholly owned by Eternally Success International Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Sun Success Trust via SCTS Capital. The Sun Success Trust is a discretionary trust set up by Mr. Lin Zhong as settlor and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Sun Success Trust include certain family members of Mr. Lin Zhong. Mr. Lin Zhong as founder of the Sun Success Trust is taken to be interested in the 1,363,754,301 shares of CIFI Holdings held by Ding Chang pursuant to Part XV of the SFO.

(2) 2,737,372,105 shares of CIFI Holdings are held by Rosy Fortune. The entire issued share capital of Rosy Fortune is wholly owned by Gentle Beauty Assets Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Lin's Family Trust via SCTS Capital. The Lin's Family Trust is a discretionary trust set up jointly by our Ultimate Controlling Shareholders as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Lin's Family Trust include certain family members of Mr. Lin Zhon. Mr. Lin Zhong as a co-founder of the Lin's Family Trust is taken to be interested in the 2,737,372,105 shares of CIFI Holdings held by Rosy Fortune pursuant to Part XV of the SFO.

(3) Xu Sheng is wholly owned by CIFI Holdings. By virtue of the SFO, Mr. Lin Zhong is deemed to be interested in the shares of Xu Sheng held by CIFI Holdings.

(4) Spectron is wholly owned by Xu Sheng, which is a wholly-owned subsidiary of CIFI Holdings. By virtue of the SFO, Mr. Lin Zhong is deemed to be interested in the shares of Spectron held by CIFI Holdings.

(5) The entire issued share capital of Elite Force Development is owned as to 50% by Mr. Lin Zhong, 25% by Mr. Lin Feng and 25% by Mr. Lin Wei. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei has entered into an acting in concert deed on 6 August 2018. For details, please see "History, Reorganization and Corporate Structure" in the Prospectus dated 4 December 2018. Mr. Lin Zhong is taken to be interested in the shares of Elite Force Development pursuant to Part XV of the SFO.

Interest in Debentures of Associated Corporation

Name of Director	Associated Corporation	Capacity/nature of interest	Principal amount of relevant debentures held	Approximate percentage of aggregate principal amount of the relevant debenture issued
Mr. LIN Zhong [(1)(2)(3)(4)]	CIFI Holdings	Co-founder of a discretionary trust	US$1 million	0.18%
		Co-founder of a discretionary trust	US$1 million	0.24%
		Co-founder of a discretionary trust	US$1 million	0.67%

Notes:

(1) The 6% senior notes (securities stock code: 40120) due 2025 with the aggregate principal amount of US$567 million were issued by CIFI Holdings in January 2020, which are listed on the Stock Exchange (the "**6% Senior Notes**"). For details of the 6% Senior Notes, please refer to the announcements of CIFI Holdings dated 8 January 2020 and 10 January 2020 respectively.

(2) The 4.375% senior notes due 2027 with the aggregate principal amount of US$419 million were issued by CIFI Holdings in January 2021, which are listed on the Stock Exchange (the "**4.375% Senior Notes**").

(3) The 4.8% senior notes due 2028 with the aggregate principal amount of US$150 million were issued by CIFI Holdings in May 2021, which are listed on the Stock Exchange (the "**4.8% Senior Notes**").

(4) The principal amounts of US$1 million of each of the 6% Senior Notes, 4.375% Senior Notes and 4.8% Senior Notes are held by Rosy Fortune. The entire issued share capital of Rosy Fortune is wholly owned by Gentle Beauty Assets Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Lin's Family Trust via SCTS Capital. The Lin's Family Trust is a discretionary trust set up jointly by our Ultimate Controlling Shareholders as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Lin's Family Trust include certain family members of Mr. Lin Zhong. Mr. Lin Zhong as a co-founder of the Lin's Family Trust is taken to be interested in the principal amount of such senior notes held by Rosy Fortune pursuant to Part XV of the SFO.

Save as disclosed above and to the best knowledge of the Directors, as at 31 December 2024, none of the Directors or the chief executive of the Company has any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities including debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

So far as our Directors are aware, as at 31 December 2024, the following persons (other than the Directors or chief executive) had an interests or short positions in the Shares or underlying Shares as required in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of ordinary shares interested[1]	Approximate percentage in the Company's issued share capital
Mr. LIN Wei [2][3][4][5]	Interest in a controlled corporation, and co-founder of a discretionary trust	681,500,000 (L)	39.43%
Mr. LIN Feng [2][3][4][5]	Interest in a controlled corporation, and co-founder of a discretionary trust	681,500,000 (L)	39.43%
Elite Force Development [2]	Beneficial owner	273,180,000 (L)	15.80%
Spectron	Beneficial owner	406,820,000 (L)	23.54%
Xu Sheng [3]	Interest in a controlled corporation	406,820,000 (L)	23.54%
CIFI Holdings [4]	Interest in a controlled corporation	406,820,000 (L)	23.54%
Best Legend [6]	Beneficial owner	104,478,750 (L)	6.04%
Mr. YU Chieh Jet [6]	Interest in a controlled corporation	104,478,750 (L)	6.04%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Elite Force Development is owned as to 50% by Mr. Lin Zhong, 25% by Mr. Lin Feng and 25% by Mr. Lin Wei. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei signed an acting in concert deed on 6 August 2018. Elite Force Development entrusted Spectron to exercise voting rights of shares directly held by Elite Force Development since 30 June 2020, while Elite Force Development continues to beneficially own the said shares and have rights to the dividends and distributions etc. attaching thereto. For details, please see "History, Reorganization and Corporate Structure" in the Prospectus dated 4 December 2018 and the announcements dated 29 May 2020 and 28 June 2020. By virtue of the SFO and based on the public information available, each of Mr. Lin Wei and Mr. Lin Feng is deemed to be interested in the Shares held by Elite Force Development.

(3) Spectron is wholly owned by Xu Sheng. By virtue of the SFO, Xu Sheng is deemed to be interested in Shares held by Spectron.

(4) Xu Sheng is wholly owned by CIFI Holdings. By virtue of the SFO, CIFI Holdings is deemed to be interested in Shares held by Xu Sheng.

(5) Rosy Fortune is wholly owned by Gentle Beauty Assets Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Lin's Family Trust via SCTS Capital. The Lin's Family Trust is a discretionary trust set up jointly by our Ultimate Controlling Shareholders as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Lin's Family Trust include certain family members of Mr. Lin Feng and Mr. Lin Wei. By virtue of the SFO, each of Mr. Lin Wei and Mr. Lin Feng is deemed to be interested in the Shares held by Rosy Fortune.

(6) Best Legend is wholly owned by Mr. Yu Chieh Jet (an employee of the Company who is not a connected person of the Company) to administer the share award scheme adopted by Best Legend on 18 June 2019.

(7) Mr. Lin Zhong, an executive Director, is also a director of Elite Force Development, Xu Sheng and CIFI Holdings. Mr. Zhou Hongbin and Mr. Zhou Di, each of them being an executive director, is also a director of Best Legend respectively. Save as disclosed, there is no other Director who is also a director or employee of any company mentioned in the above table.

Save as disclosed herein, as at 31 December 2024, our Directors are not aware of any persons (other than the Directors or chief executive) who had an interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

DIRECTOR'S INTEREST IN TRANSACTIONS, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Other than disclosed in the section headed "Connected Transactions" in this annual report and the section headed "Related Party Transactions" in note 32 to the consolidated financial statements contained in this annual report, no transaction, arrangement and contract of significance to the business of the Group which the Company or any of its subsidiaries was a party, and in which a Director or any entity connected with such a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, Mr. Lin Zhong, being an executive Director, was a substantial shareholder of and held directorship in CIFI Holdings. In 2021, CIFI Group commenced operation of its own property management business in some projects, which was considered to be competing business for the Group. Therefore, Mr. Lin Zhong was considered to have interests in competing business for the Group which were required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules.

Save as disclosed above, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

LOAN AND GUARANTEE

During the year ended 31 December 2024, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the Controlling Shareholders or their respective connected persons.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

As at 31 December 2024, the Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

CONTRACT WITH CONTROLLING SHAREHOLDERS

Other than disclosed in the section headed "Connected Transactions" in this annual report and the section headed "Related Party Transactions" in note 32 to the consolidated financial statements contained in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries during the year ended 31 December 2024 or subsisted at the end of the year and no contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or any of their subsidiaries was entered into during the year ended 31 December 2024 or subsisted at the end of the year.

CONNECTED TRANSACTIONS

During the Reporting Period, the Company has strictly complied with the requirements specified under Chapter 14A of the Listing Rules in respect of its connected transaction and continuing connected transactions. Details of the relevant connected transaction and continuing connected transactions are as follows:

Continuing Connected Transaction Subject to the Reporting, Annual Review and Announcement Requirements

1. CIFI Merchandise Procurement Framework Agreement

On 26 September 2023, the Company and CIFI Holdings entered into a merchandise procurement framework agreement (the "CIFI Merchandise Procurement Framework Agreement"), which sets out the principal terms for the provision of goods and related value-added services by the Group to CIFI Group for a term commencing from 1 January 2024 to 31 December 2026 (both dates inclusive).

For the year ended 31 December 2024, the transaction amount in respect of the CIFI Merchandise Procurement Framework Agreement amounted to approximately RMB37.1 million, which is within the annual cap of RMB110.0 million.

It is estimated that the annual caps for the transactions contemplated under the CIFI Merchandise Procurement Framework Agreement for the two years ending 31 December 2026 are RMB110.0 million and RMB110.0 million, respectively.

At the relevant time, CIFI Holdings was one of our Controlling Shareholders and was therefore a connected person of the Company under the Listing Rules. The transactions contemplated under the CIFI Merchandise Procurement Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the annual caps under the CIFI Merchandise Procurement Framework Agreement exceed 0.1% but less than 5%, the transactions contemplated under the CIFI Merchandise Procurement Framework Agreement are subject to reporting, annual review, announcement requirements under Chapter 14A of the Listing Rules, but exempt from the circular and independent Shareholders' approval requirements.

2. Payments of deposits to the associates of the Ultimate Controlling Shareholders

As part of its usual and ordinary course of business, the Group provides sales agency services to certain associates of the Ultimate Controlling Shareholders (excluding CIFI Group). The Group enters into the individual agreements in connection with the provision of the sales agency services which contain the specific terms for the provision of such services.

As part of the provision of the sales agency services, the relevant member of the Group may agree after negotiations with the relevant associates of the Ultimate Controlling Shareholders (excluding CIFI Group) to the payment of deposits under the relevant individual agreement. The Board understood from the Stock Exchange that annual caps should be established for deposits that are paid by the Group to its customers in transactions that are of similar nature as sales agency services. In order to comply with Rule 14A.53 of the Listing Rules, the Board has determined the annual caps for the deposits.

For the year ended 31 December 2024, the maximum daily balance of deposits to be paid by the Group to the associates of the Ultimate Controlling Shareholders (excluding CIFI Group) was RMB53.6 million, which is within the annual cap of RMB84.6 million.

It is estimated that the maximum daily balance of deposits to be paid by the Group to the associates of the Ultimate Controlling Shareholders (excluding CIFI Group) for the two years ending 31 December 2026 will not exceed RMB94.4 million and 87.6 million, respectively.

The Ultimate Controlling Shareholders, one of the Controlling Shareholders, are connected persons of the Company for the purpose of the Listing Rules. Accordingly, the payment of deposits is considered by the Stock Exchange as continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the annual caps for maximum daily balance of deposits to be paid by the Group to the associates of the Ultimate Controlling Shareholders (excluding CIFI Group) for the three financial years ending 31 December 2026 exceed 0.1% but less than 5%, such transactions are subject to reporting, annual review, announcement requirements under Chapter 14A of the Listing Rules, but exempt from the circular and independent Shareholders' approval requirements.

3. UCS Property Management Services Master Agreement

On 26 September 2023, the Company and the Ultimate Controlling Shareholders entered into a property management services master agreement (the "**UCS Property Management Services Master Agreement**"), pursuant to which the Group agreed to provide property management services, including but not limited to (i) preliminary planning and design consultancy services (the "**UCS Planning Services**"); (ii) property management services for unsold properties, car parking lots and the properties held by the Ultimate Controlling Shareholders and their associates (excluding CIFI Group); (iii) on-site securing, cleaning, greening, as well as customer services to property sales offices; and (iv) cleaning and house inspection services to the property projects developed by the associates of the Ultimate Controlling Shareholders (excluding CIFI Group) upon completion of construction and before delivery of the same to homeowners, and other value-added services (scope (ii) to (iv) collectively, the "**UCS Property Management Services**"), for a term commencing from 1 January 2024 to 31 December 2026, and such associates mainly comprise the joint ventures and associated companies of CIFI Group.

For the year ended 31 December 2024, the transaction amount in respect of the UCS Property Management Services amounted to approximately RMB136.0 million, which is within the annual caps of RMB168.5 million, while the transaction amount in respect of the UCS Planning Services amounted to approximately RMB4.6 million, which is also within the annual cap of RMB11.5 million.

It is estimated that the annual caps of service fee payable by the companies controlled by the associates of the Ultimate Controlling Shareholders (except for CIFI Group) under the UCS Property Management Services Master Agreement (i) for the year ending 31 December 2025 is RMB190.0 million, including RMB178.0 million for the UCS Property Management Services and RMB12.0 million for the UCS Planning Services; and (ii) for the year ending 31 December 2026 is RMB200.0 million, including RMB187.5 million for the UCS Property Management Services and RMB12.5 million for the UCS Planning Services.

The Ultimate Controlling Shareholders, one of the Controlling Shareholders, are connected persons of the Company for the purpose of the Listing Rules. Accordingly, the transactions under the UCS Property Management Services Master Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (excluding the profit ratio) as defined in Rule 14.07 of the Listing Rules for the annual caps contemplated under the UCS Property Management Services Master Agreement exceed 0.1% but less than 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but exempt from circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

4. Macalline Property Services Framework Agreement

On 28 December 2023, Macalline Property, an indirect non-wholly-owned subsidiary of the Company, entered into a property services framework agreement (the "**Macalline Property Services Framework Agreement**") with Red Star Macalline, pursuant to which Macalline Property and its subsidiaries (collectively the "**Macalline Property Group**") shall agree to provide to Red Star Macalline Group property management services for the furnishing shopping malls in the PRC which are operated by the Red Star Macalline Group and certain designated properties held by or used by the Red Star Macalline Group, including but without limitation to (i) property management services for the properties which are operated by or held by the Red Star Macalline Group; (ii) pre-delivery cleaning and house inspection services for the properties operated by the Red Star Macalline Group; and (iii) other value-added services such as additional security, cleaning, greening, as well as repair and maintenance services (the "**Macalline Property Services**") for a term commencing from 30 November 1 January 2024 to 31 December 2026.

For the year ended 31 December 2024, the transaction amount in respect of the Macalline Property Services Framework Agreement amounted to approximately RMB611.0 million, which is within the annual cap of RMB650.0 million.

It is estimated that the annual caps for the transactions contemplated under the Macalline Property Services Framework Agreement for the two years ending 31 December 2026 are RMB700.0 million and RMB750.0 million, respectively.

As Red Star Macalline is the holding company of a substantial shareholder of Macalline Property, Red Star Macalline is a connected person of the Company at subsidiary level under the Listing Rules. Therefore, the transactions contemplated under the Macalline Property Services Framework Agreement constituted continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, the transactions contemplated under the Macalline Property Services Framework Agreement are exempt from circular, independent financial advice and independent Shareholders' approval requirements.

5. Longzhihui Cleaning Service Framework Agreement

On 28 December 2023, Macalline Property entered into a cleaning services framework agreement (the "Longzhihui Cleaning Service Framework Agreement") with Longzhihui Shanghai Facility Management Service Co., Ltd. (the "Longzhihui Shanghai"), pursuant to which Macalline Property shall, in accordance with its business operation needs, entrust the Longzhihui Shanghai and its subsidiaries (the "Longzhihui Shanghai Group") to provide cleaning services to the Macalline Property Group, including but without limitation to (i) cleaning services with respect to all public areas, passages and elevators of the projects under the management of the Macalline Property Group; (ii) cleaning services with respect to the rooftop area, building peripheries, road surfaces in parking lots, green belts, drainage ditches and various ancillary facilities of rooftop areas, building peripheries and parking lots of the projects under the management of the Macalline Property Group; and (iii) other cleaning services required by the Macalline Property Group on an ad-hoc basis (the "Longzhihui Cleaning Services") for a term commencing from 1 January 2024 to 31 December 2026.

For the year ended 31 December 2024, the transaction amount in respect of the Longzhihui Cleaning Service Framework Agreement amounted to approximately RMB64.8 million, which is within the annual cap of RMB74.0 million.

It is estimated that the annual caps for the transactions contemplated under the Longzhihui Cleaning Service Framework Agreement for the two years ending 31 December 2026 are RMB80.0 million and RMB86.0 million, respectively.

As Longzhihui Shanghai is a fellow subsidiary of Red Star Macalline, and Red Star Macalline is the holding company of a substantial shareholder of Macalline Property, Longzhihui Shanghai is a connected person of the Company at subsidiary level under the Listing Rules. Therefore, the transactions contemplated under the Longzhihui Cleaning Service Framework Agreement constituted continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, the transactions contemplated under the Longzhihui Cleaning Service Framework Agreement are exempt from circular, independent financial advice and independent Shareholders' approval requirements.

Continuing Connected Transaction Subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements

1. CIFI Property Management Services Master Agreement

On 10 October 2022, the Company entered into a property management services framework agreement with CIFI Holdings for a term of three years commencing from 1 January 2023 to 31 December 2025 (the "CIFI Property Management Services Master Agreement"), pursuant to which the Company has agreed to provide, or procure its subsidiaries to provide, property management services including but without limitation to (i) property management services for unsold properties, car parking lots and the properties owned by CIFI Group; (ii) on-site security, cleaning, greening, as well as customer services to property sales offices; (iii) preliminary planning and design consultancy services; and (iv) cleaning and house inspection services to the property projects developed by CIFI Group upon completion of construction and before delivery of the same to homeowners and other value-added services to CIFI Group for a period commencing from 1 January 2023 and ending on 31 December 2025.

For the year ended 31 December 2024, the transaction amount for the property management services; on-site security, cleaning, greening and customer services; and cleaning and housing inspection services and other value-added services amounted to approximately RMB224.5 million, which is within the annual cap of RMB1,015.0 million, while the transaction amount for the preliminary planning and design consultancy services amounted to approximately RMB10.7 million, which is also within the annual cap of RMB85.0 million.

It is estimated that the annual caps of service fee payable by CIFI Group for the year ending 31 December 2025 is RMB1,150.0 million, including RMB1,060.0 million for the property management services; on-site security, cleaning, greening and customer services; and cleaning and housing inspection services and other value-added services and RMB90.0 million for the preliminary planning and design consultancy services.

CIFI Holdings, one of our Controlling Shareholders, is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions under the CIFI Property Management Services Master Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the CIFI Property Management Services Master Agreement are more than 5% on an annual basis, the transactions under the CIFI Property Management Services Master Agreement are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. CIFI Sales Agency Services Framework Agreement

On 23 December 2021, the Company entered into a sales agency services framework agreement with CIFI Holdings for a term of three years commencing from 1 January 2022 to 31 December 2024 (the "CIFI Sales Agency Services Framework Agreement").

For the year ended 31 December 2024, the transaction amount in respect of the CIFI Sales Agency Services Framework Agreement amounted to approximately RMB0.2 million, which is within the annual cap of RMB140.0 million.

As part of the provision of the sales agency services, the relevant member of the Group may agree after negotiations with the relevant member of the CIFI Group to the payment of deposits under the relevant individual agreement. The Company had believed that the deposits payable under the individual agreements entered into in the ordinary and usual course of business on normal commercial terms for sales agency are part and parcel of the CIFI Sales Agency Services Framework Agreement that was the subject of the announcements and related annual reporting disclosures and would not constitute separate notifiable transactions and/or continuing connected transactions under Chapters 14 and 14A of the Listing Rules.

The Board understood from the Stock Exchange that it views that annual caps for the payment of the deposits should be established in relation to transactions under the CIFI Sales Agency Services Framework Agreement.

For the year 31 December 2024, the maximum daily balance of deposits pursuant to individual agreements to be entered into on or after 1 July 2023 and up to 31 December 2024 (which excludes the balance of Deposits that are paid and/or payable pursuant to individual agreements entered into prior to 1 July 2023) was RMB286.1 million, which is within the annual cap of RMB525.1 million.

On 29 October 2024, the Company also entered into a new sales agency services framework agreement with CIFI Holdings for a term of three years commencing from 1 January 2025 to 31 December 2027 (the "**2025 CIFI Sales Agency Services Framework Agreement**").

It is estimated that (i) for the year ending 31 December 2025, the maximum annual commission payable by CIFI Group to the Group for the sales agency services will not exceed RMB10.35 million, and the maximum daily balance of deposits to be paid by the Group to CIFI Group will not exceed RMB756.4 million; (ii)for the year ending 31 December 2026, the maximum annual commission payable by CIFI Group to the Group for the sales agency services will not exceed RMB11.26 million, and the maximum daily balance of deposits to be paid by the Group to CIFI Group will not exceed RMB705.3 million; and (iii) for the year ending 31 December 2027, the maximum annual commission payable by CIFI Group to the Group for the sales agency services will not exceed RMB16.58 million, and the maximum daily balance of deposits to be paid by the Group to CIFI Group will not exceed RMB631.8 million.

At the relevant time, CIFI Holdings was one of our Controlling Shareholders and was therefore a connected person of the Company under the Listing Rules. The transactions contemplated under the CIFI Sales Agency Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the proposed caps for maximum daily balance of deposits to be paid by the Group to the CIFI Group pursuant to individual agreements to be entered into on or after 1 July 2023 and up to 31 December 2024 (which excludes the balance of deposits that are paid and/or payable pursuant to individual agreements entered into prior to 1 July 2023) is more than 5%, the deposits constitute non-exempt continuing connected transactions of the Company. Therefore, the payment of the deposits is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Save as disclosed above, during the year ended 31 December 2024, the Group has not entered into any continuing connected transaction which should be disclosed pursuant to the requirements of Rule 14A.71 of the Listing Rules.

The Company adjusts the scope and amount of continuing connected transactions and the annual caps exempted from disclosure (where necessary) in accordance with its internal control procedures. During the year ended 31 December 2024, the Company has followed the pricing policies and guidelines for each of the continuing connected transactions disclosed in this annual report when determining the price and terms of such transactions conducted. The Directors are of the view that the Company's internal control procedures are adequate and effective to ensure that transactions are so conducted.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions carried out during the year and confirm the transactions thereunder had been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditors were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their letter containing the findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules:

(i) nothing has come to their attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Board.

(ii) nothing has come to their attention that causes the auditor to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the pricing policies of the Group and the relevant agreements governing such transactions.

(iii) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes the auditor to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

MATERIAL RELATED PARTY TRANSACTIONS

Details of the material related party transactions of the Group for the year ended 31 December 2024 are set out in note 32 to the consolidated financial statements in this annual report.

Save as disclosed above, during the Reporting Period, none of the related party transactions constitutes a connected transaction or continuing connected transaction subject to independent Shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules.

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

Pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company convened and held on 20 November 2023, the Directors were granted a general mandate to exercise the power of the Company to buy back up to 174,922,000 Shares, representing 10% of the total number of Shares in issue as at 20 November 2023 (the "**2023 Buy-back Mandate**"). Pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company convened and held on 6 June 2024, the Directors were granted a general mandate to exercise the power of the Company to buy back up to 174,922,000 Shares, representing 10% of the total number of Shares in issue as at 6 June 2024 (the "**2024 Buy-back Mandate**"). During the year ended 31 December 2024, pursuant to the 2023 Buy-back Mandate and the 2024 Buy-back Mandate, the Company bought back an aggregate of 15,324,000 Shares on the Stock Exchange at a total consideration of approximately HK$22,665,910, exclusive of commissions and other expenses.

Details of the Share buy-backs during the Reporting Period were as follows:

Date of buy-back	Number of Shares bought back	Consideration per Share		Total consideration paid for the buy-back
		Highest price paid	Lowest price paid	
		HK$	HK$	HK$
2 January 2024	300,000	1.40	1.40	420,000
3 January 2024	300,000	1.40	1.40	420,000
4 January 2024	300,000	1.33	1.33	399,000
5 January 2024	300,000	1.32	1.32	396,000
8 January 2024	300,000	1.25	1.25	375,000
9 January 2024	300,000	1.26	1.26	378,000
10 January 2024	300,000	1.23	1.23	369,000
11 January 2024	300,000	1.27	1.26	380,180
12 January 2024	300,000	1.26	1.26	378,000
15 January 2024	48,000	1.24	1.24	59,520
16 January 2024	300,000	1.24	1.24	372,000
17 January 2024	300,000	1.17	1.17	351,000
18 January 2024	300,000	1.09	1.09	327,000
19 January 2024	300,000	1.10	1.10	330,000
22 January 2024	300,000	1.07	1.07	321,000
23 January 2024	300,000	1.11	1.10	331,600
28 March 2024	300,000	1.29	1.28	386,260
8 April 2024	300,000	1.37	1.37	411,000
9 April 2024	300,000	1.36	1.35	406,680
10 April 2024	300,000	1.43	1.42	428,280
11 April 2024	300,000	1.42	1.42	426,000
12 April 2024	300,000	1.36	1.36	408,000
15 April 2024	300,000	1.34	1.34	402,000
16 April 2024	300,000	1.35	1.32	402,880
17 April 2024	300,000	1.33	1.33	399,000
18 April 2024	300,000	1.32	1.32	396,000
19 April 2024	300,000	1.28	1.28	384,000

Date of buy-back	Number of Shares bought back	Consideration per Share		Total consideration paid for the buy-back
		Highest price paid	Lowest price paid	
		HK$	HK$	HK$
22 April 2024	300,000	1.32	1.32	396,000
23 April 2024	300,000	1.39	1.37	414,510
6 May 2024	300,000	1.84	1.82	549,800
7 May 2024	300,000	1.86	1.85	557,920
8 May 2024	300,000	1.79	1.79	537,000
30 May 2024	300,000	1.74	1.74	522,000
31 May 2024	300,000	1.77	1.77	531,000
3 June 2024	300,000	1.73	1.73	519,000
4 June 2024	300,000	1.76	1.76	528,000
5 June 2024	300,000	1.78	1.78	534,000
6 June 2024	300,000	1.80	1.78	537,900
7 June 2024	102,000	1.82	1.81	185,540
11 June 2024	300,000	1.73	1.70	514,400
12 June 2024	300,000	1.77	1.75	528,400
13 June 2024	300,000	1.74	1.68	511,860
14 June 2024	300,000	1.77	1.76	530,840
17 June 2024	300,000	1.74	1.68	509,900
18 June 2024	300,000	1.67	1.66	500,700
19 June 2024	300,000	1.67	1.63	498,140
20 June 2024	300,000	1.67	1.60	490,200
21 June 2024	300,000	1.62	1.59	482,600
24 June 2024	300,000	1.59	1.54	469,560
25 June 2024	300,000	1.65	1.59	486,800
26 June 2024	174,000	1.69	1.65	293,780
27 June 2024	300,000	1.63	1.60	485,700
3 July 2024	300,000	1.66	1.58	492,960
Total	15,324,000			22,665,910

The Shares bought back by the Company during the year ended 31 December 2024 have all been cancelled on 19 July 2024.

The Board believed that the Shares was trading at a price level which does not fully reflect the underlying value of the Company. As such, depending on the market conditions and the Company's actual needs at the relevant time, the Board made such repurchases. The Board also believed that the repurchase of Shares would demonstrate the Company's confidence in its long-term business prospects, which would in turn benefit the Company and will also be in the interest of the Company and the Shareholders as a whole.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including sale of treasury shares) of the Company during the Reporting Period. As at 31 December 2024, the Company did not hold any treasury shares.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles, or the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during the year ended 31 December 2024.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2024, the Group did not hold any significant investment.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisition and disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2024.

Fulfillment of performance targets

(a) In relation to the acquisition of Meizhong Environment

According to the audited consolidated financial statements of Meizhong Environment for the year ended 31 December 2024, the profit guarantee for the year ended 31 December 2024 as set out in the Company's announcement dated 30 September 2021 has been fulfilled and no compensation has been made.

(b) In relation to the acquisition of Macalline Property

According to the audited consolidated financial statements of Macalline Property for the year ended 31 December 2024, the profit guarantee for the year ended 31 December 2024 as set out in the announcement dated 15 October 2021 has been fulfilled and no compensation has been made.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2024, saved as disclosed in this annual report, the Group did not have any other immediate plans for material investments and capital assets.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this annual report, the Company has maintained the public float as required under the Listing Rules.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the code provisions set out in the CG Code as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company has applied the principles of good corporate governance and complied with the code provisions set out in Part 2 of the CG Code during the Reporting Period.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 45 to 63 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long term sustainability of the environment and communities in which it operates. The Group operates its business in compliance with applicable environmental protection laws and regulations and has implemented relevant environmental protection measures in compliance with the required standards under applicable PRC laws and regulations. Further details of the Group's environmental policies and performance will be disclosed in the environmental, social and governance report of the Company for the year ended 31 December 2024 to be published on 29 April 2025.

AUDITOR

Deloitte Touche Tohmatsu was the auditor of the Company with effect from 19 November 2020. On 15 May 2023, Deloitte Touche Tohmatsu resigned as the auditor of the Company and the Board appointed Prism Hong Kong Limited as the auditor of the Company to fill the casual vacancy. For details, please refer to the announcement of the Company dated 16 May 2023. There has been no change in auditors since then. The consolidated financial statements for the year ended 31 December 2024 have been audited by Prism Hong Kong Limited, Certified Public Accountants, who are proposed for reappointment at the forthcoming AGM.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2024, there was no material breach of, or non-compliance, with applicable laws and regulations by the Group.

By order of the Board
LIN Zhong
Chairman

Hong Kong, 28 March 2025

TO THE SHAREHOLDERS OF
Ever Sunshine Services Group Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Ever Sunshine Services Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 93 to 193, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill	
We identified impairment assessment of goodwill as a key audit matter due to significance of the balance to the consolidated financial statements as a whole, combined with the significant degree of estimations made by the management of the Group associated with the recoverable amounts of the cash-generating units to which goodwill have been allocated. As disclosed in Note 4 to the consolidated financial statements, the management assessed the impairment of goodwill by estimation of recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated which is the higher of the value-in-use ("VIU") and fair value less costs of disposal. The VIU calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or group of cash-generating units) and a suitable discount rate. The Group engages independent valuers (the "Valuers") to assist the estimation. Key estimates involved in the preparation of cash flow projections for the period covered by the approved financial budgets include the growth rates in revenue, estimated gross profit, estimated profit before tax and pre-tax discount rates. As disclosed in Note 16 to the consolidated financial statements, the carrying amount of goodwill was RMB1,488,171,000 as at 31 December 2024 and no impairment loss was recognised during the year ended 31 December 2024.	Our procedures in relation to the impairment assessment of goodwill included: • Discussing with the management to understand the management process and the key controls in impairment assessment of goodwill and the key estimations made by the management in the impairment assessment of goodwill including the growth rates in revenue, estimated gross profit, estimated profit before tax and pre-tax discount rates; • Evaluating the competency, capabilities and objectivity of the Valuers; • Evaluating the reasonableness of the growth rates in revenue, estimated gross profit and estimated profit before tax, with reference to the historical financial performance; • Evaluating the appropriateness of pre-tax discount rates applied in the forecast by comparing them to economic and industry data and comparable listed companies; • Checking the mathematical accuracy of the VIU calculations; and • Evaluating the reasonableness of the financial budgets approved by the management by comparing the actual results of the cash-generating unit (or group of cash-generating units) to the previously forecasted results used in the impairment assessment of goodwill.

Key audit matter	How our audit addressed the key audit matter
Estimated provision of expected credit losses ("ECL") of trade and bills receivables	
We identified the estimated provision of ECL of trade and bills receivables as a key audit matter due to the significant management estimates involved in assessing the recoverability of trade and bills receivables. As disclosed in Note 4 to the consolidated financial statements, the management used provision matrix or internal credit rating individually to calculate the ECL of trade and bills receivables. For provision matrix, the provision rates are based on groupings of various debtors by their shared credit risk characteristics, and taken into consideration the historical default rates and the forward-looking information. For internal credit rating, the provision rates are assessed individually taken into consideration of the financial conditions, aging of the debtors and the forward-looking information. As disclosed in Notes 18 and 38 to the consolidated financial statements, the carrying amount of trade and bills receivables was RMB2,445,015,000 as at 31 December 2024, after net off the allowance for credit losses of RMB344,953,000, and allowance for credit losses of RMB75,674,000 was recognised in profit or loss for the year ended 31 December 2024.	Our procedures in relation to the estimated provision of ECL of trade and bills receivables included • Obtaining an understanding of the management process and the key controls in ECL assessment and assumptions made in determining the default rates for ECL assessment and evaluating the reasonableness of any quantitative, qualitative and forward-looking information incorporated by the management; • For ECL calculated by provision matrix: (i) evaluating the appropriateness of the group of the trade and bills receivables based on shared credit risk characteristics; and (ii) testing the integrity of information used by the management to develop the provision matrix, on a sample basis, to the source documents and evaluating the appropriateness of the expected credit loss rates applied by reference to historical default rates; • For ECL calculated by internal credit rating, testing the integrity of the information used by the management on a sample basis to the source documents and evaluating the appropriateness of the expected credit loss rates applied by reference to the historical payment records and financial conditions of the debtors; • Checking the mathematical accuracy of the ECL calculations; and • Evaluating the reasonableness of forward- looking information used by the management by reference to available market information.

Key audit matter	How our audit addressed the key audit matter
Estimated provision of ECL of deposits for exclusive sales representative agreements	
We identified the estimated provision of ECL of deposits for exclusive sales representative agreements as a key audit matter due to the significant management estimates involved in assessing their recoverability. As disclosed in Note 4 to the consolidated financial statements, the management made periodic individual assessment on the recoverability of deposits for exclusive sales representative agreements based on historical settlement records, past experience and also quantitative and qualitative information that is reasonable and supportive forward-looking information. As disclosed in Note 38 to the consolidated financial statements, the carrying amount of deposits for exclusive sales representative agreements was RMB724,339,000 as at 31 December 2024, after net off the allowance for credit losses of RMB32,052,000, and reversal of credit losses of RMB5,278,000 was recognised in profit or loss for the year ended 31 December 2024.	Our procedures in relation to the estimated provision of ECL of deposits: • Obtaining an understanding of the management process and the key controls in ECL assessment and assumptions made in determining the default rates for ECL assessment and evaluating the reasonableness of any quantitative, qualitative and forward-looking information incorporated by the management; • Evaluating the appropriateness of the expected loss rates applied by reference to financial conditions and past settlement history of the debtors; • Evaluating the reasonableness of forward-looking information used by the management by reference to available market information; and • Checking the mathematical accuracy of the ECL calculations.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the `information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine the matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor' report is *Lee Kowk Lun*.

Prism Hong Kong Limited
Certified Public Accountant
Lee Kwok Lun
Practising Certificate Number, P06294
HONG KONG

28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024	2023
		RMB'000	RMB'000
Revenue	6	6,841,135	6,537,423
Cost of services		(5,492,483)	(5,284,415)
Gross profit		1,348,652	1,253,008
Other income and other gains and losses	7	16,172	54,322
Administrative expenses		(414,941)	(472,206)
Selling expenses		(101,764)	(94,282)
Expected credit loss on financial assets, net of reversal	9	(74,150)	(46,113)
Finance costs	8	(3,165)	(5,868)
Other expenses		(11,323)	(8,117)
Share of result of associates		(26)	—
Profit before taxation	9	759,455	680,744
Income tax expense	10	(168,148)	(150,775)
Profit and total comprehensive income for the year		591,307	529,969
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		477,996	434,472
Non-controlling interests	31	113,311	95,497
		591,307	529,969
Earnings per share (RMB)			
Basic and diluted earnings per share	12	0.2758	0.2484

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	2024	2023
		RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	14	96,775	123,417
Investment properties	15	549,125	558,480
Intangible assets	16	297,557	318,494
Goodwill	16	1,488,171	1,488,171
Investments in associates	17	1,854	—
Deferred tax assets	25	110,903	83,323
Prepayments and other receivables	19	374,525	399,230
Financial assets at fair value through profit or loss ("FVTPL")	20	277,046	362,663
Deferred contract costs		45,719	38,009
		3,241,675	3,371,787
Current assets			
Inventories		1,540	3,191
Deferred contract costs		20,493	3,661
Trade and bills receivables	18	2,445,015	2,181,546
Prepayments and other receivables	19	818,727	885,119
Financial assets at FVTPL	20	3,935	4,264
Restricted cash	21	67,422	38,165
Cash and cash equivalents	21	2,617,846	2,341,510
		5,974,978	5,457,456
Current liabilities			
Trade and bills payables	22	1,307,537	1,150,291
Accruals and other payables	23	1,323,951	1,335,495
Borrowings	24	35,243	40,769
Contract liabilities	6	940,075	870,338
Lease liabilities	33	7,698	10,848
Provision for taxation		138,027	103,965
		3,752,531	3,511,706
Net current assets		2,222,447	1,945,750
Total assets less current liabilities		5,464,122	5,317,537

	Notes	2024	2023
		RMB'000	RMB'000
Non-current liabilities			
Borrowings	24	305	4,182
Lease liabilities	33	2,572	7,948
Other long-term payables	23	—	9,322
Deferred tax liabilities	25	75,204	82,451
		78,081	103,903
Net assets		5,386,041	5,213,634
Capital and reserves			
Share capital	26	15,291	15,480
Reserves		4,985,835	4,857,586
Equity attributable to owners of the Company		5,001,126	4,873,066
Non-controlling interests	31	384,915	340,568
Total equity		5,386,041	5,213,634

The consolidated financial statements on pages 93 to 193 were approved and authorised for issue by the board of directors on and are signed on its behalf by:

Mr. Lin Zhong
Director

Mr. Zhou Hongbin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

		Reserves								
	Share capital	Treasury shares	Share premium	Capital reserve	Other reserve	Statutory reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	RMB'000 Note 26	RMB'000	RMB'000 note (a)	RMB'000	RMB'000 note(b)	RMB'000 (note c)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	15,480	—	2,798,236	26,799	(137,802)	177,552	1,715,682	4,595,947	236,707	4,832,654
Profit and total comprehensive income for the year	—	—	—	—	—	—	434,472	434,472	95,497	529,969
Transfer to statutory reserve	—	—	—	—	—	60,267	(60,267)	—	—	—
Repurchase of shares (note d)	—	(6,143)	—	—	—	—	—	(6,143)	—	(6,143)
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	—	47,255	47,255
Dividends recognised as distribution (Note 11)	—	—	(151,210)	—	—	—	—	(151,210)	—	(151,210)
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	2,734	2,734
Dividend paid to non-controlling shareholders	—	—	—	—	—	—	—	—	(41,625)	(41,625)
At 31 December 2023 and 1 January 2024	15,480	(6,143)	2,647,026	26,799	(137,802)	237,819	2,089,887	4,873,066	340,568	5,213,634
Profit and total comprehensive income for the year	—	—	—	—	—	—	477,996	477,996	113,311	591,307
Transfer to statutory reserve	—	—	—	—	—	49,835	(49,835)	—	—	—
Repurchase and cancellation of shares (note e)	(189)	6,143	(26,585)	—	—	—	—	(20,631)	—	(20,631)
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	—	6,441	6,441
Dividends recognised as distribution (Note 11)	—	—	(329,305)	—	—	—	—	(329,305)	—	(329,305)
Dividend paid to non-controlling shareholders	—	—	—	—	—	—	—	—	(73,001)	(73,001)
Disposal of subsidiaries (Note 28)	—	—	—	—	—	—	—	—	(2,404)	(2,404)
At 31 December 2024	15,291	—	2,291,136	26,799	(137,802)	287,654	2,518,048	5,001,126	384,915	5,386,041

Notes:

(a) Share premium account of the Company represents the excess of the proceeds received over the nominal value of the Company's share issued.

(b) Other reserve represents (i) the difference between the nominal amount of the share capital of Shanghai Yongsheng Property Management Co. Ltd. ("Yongsheng Property") and nominal amount of the share capital issued by the Company pursuant to a group reorganisation completed on 6 July 2018; and (ii) the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received from changes in the Group's ownership interests in subsidiaries that do not result in change in control over those subsidiaries.

(c) Statutory reserve represents the amount transferred from net profit for the year of the subsidiaries established in the People's Republic of China (the "PRC") (based on the subsidiaries' PRC statutory financial statements) in accordance with the relevant PRC laws until the statutory reserve reaches 50% of the registered capital of the subsidiaries. The statutory reserve cannot be reduced except either in setting off the accumulated losses or increasing capital.

(d) During the year ended 31 December 2023, the Company has repurchased its own ordinary shares in aggregate of 5,342,000 shares.

(e) During the year ended 31 December 2024, the Company has repurchased its own ordinary shares in aggregate of 15,324,000 shares and cancelled 20,666,000 shares.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023
		RMB'000	RMB'000
Cash flows from operating activities			
Profit before taxation		759,455	680,744
Adjustments for:			
Depreciation of property, plant and equipment		42,854	56,992
Amortisation of intangible assets		42,160	54,875
Expected credit loss of trade and bills receivables recognised		75,674	39,370
Expected credit loss of deposits and other receivables (reversed) recognised		(1,524)	6,743
Bank interest income		(21,793)	(15,722)
Interest on other payable		1,161	1,792
Dividend income from financial assets at FVTPL		(9,449)	—
Loss on disposal of financial assets at FVTPL		2,794	—
Interest on borrowings		1,434	3,172
Interest on lease liabilities		570	904
Share of result of associates		26	—
Loss (gain) on disposal of property, plant and equipment, net		1,169	(154)
Loss on disposed of subsidiaries, net		146	—
Loss (gain) from fair value changes of investment properties		13,730	(7,247)
Loss from fair value changes of financial assets at FVTPL		27,776	33,103
Exchange loss		2,940	3,031
Operating cash flows before working capital changes		939,123	857,603
Decrease (increase) in inventories		1,651	(206)
Increase in deferred contract costs		(24,541)	(19,216)
Increase in trade and bills receivables		(350,634)	(430,840)
Decrease in prepayments and other receivables		95,336	252,894
Increase in restricted cash		(29,257)	(8,877)
Increase in trade and bills payables		163,383	133,408
(Decrease) increase in accruals and other payables		(19,976)	104,390
Increase in contract liabilities		70,001	201,153
Cash generated from operations		845,086	1,090,309
Income tax paid		(160,278)	(177,206)
Net cash generated from operating activities		684,808	913,103

	Notes	2024	2023
		RMB'000	RMB'000
Cash flows from investing activities			
Prepayment of property, plant and equipment		(2,871)	(378)
Purchase of property, plant and equipment		(23,531)	(38,555)
Purchase of intangible assets		(21,223)	(11,993)
Purchase of investment properties		(1,793)	(307)
Refund of deposit paid for potential acquisition of subsidiaries		—	58,124
Acquisition of subsidiaries, net of cash acquired	27	—	(55,729)
Investment in associates		(1,880)	—
Disposal of subsidiaries, net of cash paid	28	(1,138)	—
Payment for consideration payables		(1,540)	(6,185)
Proceed from disposal of property, plant and equipment		6,130	9,133
Proceed from disposal of investment properties		—	5,758
Bank interest income received		21,793	15,722
Dividend income from financial assets at FVTPL		9,449	—
Purchase of financial assets at FVTPL		(217,000)	—
Proceed from disposal of financial assets at FVTPL		272,376	22,773
Refund of prepayment of purchases of financial assets at FVTPL		—	122,470
Net cash generated from investing activities		38,772	120,833
Cash flows from financing activities			
Capital contribution from non-controlling shareholders		6,390	47,255
Repayment of borrowings		(46,725)	(93,975)
New borrowings raised		34,500	48,290
Payment of other payables		—	(1,401)
Payments on repurchase of shares		(20,631)	(6,143)
Interest on other payables paid		(1,161)	(964)
Interest on borrowings paid		(1,434)	(3,172)
Interest on lease liabilities paid		(570)	(904)
Payment of lease liabilities		(12,367)	(12,773)
Dividends paid		(402,306)	(199,982)
Net cash used in financing activities		(444,304)	(223,769)
Net increase in cash and cash equivalents		279,276	810,167
Effect of exchange rate changes on cash and cash equivalents		(2,940)	(3,031)
Cash and cash equivalents at beginning of the year		2,341,510	1,534,374
Cash and cash equivalents at end of the year, represented by Bank balances, deposits and cash		2,617,846	2,341,510

1. GENERAL INFORMATION

Ever Sunshine Services Group Limited (the "Company") is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate controlling parties are Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei. Upon completion of sales and purchase of the Company's share and execution of voting right entrustment agreement between the shareholders of the Company on 30 June 2020, Spectron Enterprises Limited (incorporated in the British Virgin Islands (the "BVI")) became the immediate holding company of the Company and CIFI Holdings (Group) Co. Ltd. (incorporated in the Cayman Islands with its shares listed on the Stock Exchange) became the ultimate holding company of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company acts as an investment holding company. Details of the principal activities of its principal subsidiaries are set out in Note 30.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (CONTINUED)

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after1 January 2025.
[3] Effective for annual periods beginning on or after 1 January 2026.
[4] Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements,* which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of the other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Basis of consolidation (continued)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Basis of consolidation (continued)

Business combinations (continued)

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Basis of consolidation (continued)

Business combinations (continued)

Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or sharebased payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Basis of consolidation (continued)

Business combinations (continued)

Business combinations (continued)

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and include as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Goodwill (continued)

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Investment in an associate (continued)

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS Accounting Standards, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

The group applies HKFRS 9, including the impairment requirements, to longterm interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, the group does not take into account adjustments to their carrying amount required by HKAS 28 (i.e. adjustments to the carrying amount of long-term interests.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Investment in an associate (continued)

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When the Group increases its ownership interest in an associate but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Revenue from contracts with customers (continued)

Property management services

For property management services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primary responsible for providing the property management services to the property owners, the Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of services.

For property management services income from properties managed under commission basis, the Group recognises the commission for providing the property management services to the property management offices of residential communities, which is calculated by pre-determined percentage or fixed amount of the property service fees the property owners are obligated to pay. The Group recognises the fee received or receivables from property management offices of residential communities as its revenue and all related property management costs as its cost of services.

Revenue from property management services (both under lump sum basis and commission basis) is recognised over time in the accounting period which services are rendered.

Community value-added service

For community value-added services, revenue is recognised when the related community value-added services are rendered. Payment of the transaction is normally due immediately when the community value-added services are rendered to the customer.

Revenue from community value-added services is recognised over time except sales and property agency services, which are recognised at a point of time when performance obligations are satisfied.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Revenue from contracts with customers (continued)

Value-added services to non-property owners

Value-added services to non-property owners mainly includes preliminary planning and design consultancy and construction services to property developers or other property management service providers and cleaning, security, greening and repair and maintenance services to property developers at the pre-delivery stage. Other than construction services, the Group agrees the price for each service with the customers upfront and issues the monthly bill to the customers which varies based on the actual level of service completed in that month. Revenue is recognised for construction services based on the stage of completion of the contract using input method.

Revenue from value-added services to non-property owners is recognised over time in the accounting period which services are rendered.

City services

For city services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

City services mainly include sanitation and cleaning services, revenue from city services is recognised over time in the accounting period which services are rendered.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations (multiple community value-added services), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Revenue from contracts with customers (continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date (for example, service contracts in which the Group bills a fixed amount for services provided on a monthly basis), the Group recognises revenue in the amount to which the Group has the right to invoice.

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Revenue from contracts with customers (continued)

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its property management services contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

Leases

Definition of a lease

The Group assess whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be assessed unless the terms and conditions of the contract are subsequently changed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of staff quarters and offices that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets within "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities as a separate line item in the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which is derived from the Group's ordinary course of business is presented as "revenue".

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sale and leaseback transactions

The Group applies the requirements of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as borrowings within the scope of HKFRS 9.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income and other gains and losses".

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary difference. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the leasing and the related assets separately. The Group recognises a deferred taxation asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred taxation liability for all taxable temporary differences.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred taxation are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as "buildings".

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair values, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Intangible assets (continued)

Internally-generated intangible assets - research and development expenditure (continued)

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognized.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Impairment on property, plant and equipment, contract costs and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, contract costs and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, contract costs and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation.

Basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Impairment on property, plant and equipment, contract costs and intangible assets other than goodwill (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances, deposits and cash as defined above.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers, which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost if doing so eliminates or significantly reduces an accounting mismatch.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "Other income and other gains and losses" line item.

Impairment of financial assets subject to impairment assessment under HKFRS Accounting Standards

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and bills receivables, deposits and other receivables, restricted cash, bank balances and deposits) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

The Group recognises lifetime ECL for trade and bills receivables. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings, except for amounts due from fellow subsidiaries and certain related parties which are assessed individually using internal credit rating.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk (continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;.

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on account receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest date determined at initial recognition.

Lifetime ECL for certain trade and bills receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

The grouping is regularly reviewed by the management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amounts, with the exception of trade and bills receivables, and deposits and other receivables, where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities of the Group (including borrowings, trade and bills payables and other payables) are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Key estimates involved in the preparation of cash flow projections for the period covered by the approved financial budgets include the growth rates in revenue, estimated gross profit, estimated profit before tax and pre-tax discount rates. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of pre-tax discount rates, a material impairment loss or further impairment loss may arise.

As at 31 December 2024, the carrying amount of goodwill is RMB1,488,171,000 (2023: RMB1,488,171,000). Details of the recoverable amount calculation are disclosed in Note 16.

(ii) Provision of ECL for trade and bills receivables

The Group uses provision matrix or internal credit ratings individually to calculate ECL for the trade and bills receivables.

For provision matrix, the provision rates are based on groupings of various debtors by their shared credit risk characteristics and taking into consideration the historical default rates and the forward-looking information that is reasonable and supportable available without undue costs or effort. For internal credit rating, the provision rates are assessed individually taken into consideration of the financial conditions, aging of the debtors and the forward-looking information that is reasonable and supportable available without undue costs or effort.

At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and bills receivables are disclosed in Notes 18 and 38.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(iii) Provision of ECL for deposits for exclusive sales representative agreements

The Group uses internal credit ratings individually to calculate ECL for deposits for exclusive sales representative agreements.

The provision rates are based on the historical settlement records, past experience and the forward-looking information that is reasonable and supportable available without undue costs or effort.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's deposits for exclusive sales representative agreements are disclosed in Notes 19 and 38.

(iv) Valuation of investment properties

Investment properties of RMB549,125,000 (2023: RMB558,480,000) are stated at fair value based on the valuations performed by independent qualified professional valuers. In determining the fair values, the valuers have based on a method of valuation which involves certain unobservable inputs used in the valuations as set out in Note 15.

In relying on the valuation report, the directors of the Company have exercised their judgements and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment focuses on revenue analysis. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Information about major customers

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue for the year ended 31 December 2024 and 2023.

Information about geographical areas

The major operating entity of the Group is domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC for the year ended 31 December 2024 and 2023.

6. REVENUE

Revenue mainly comprises of proceeds from property management services, community value-added services, value-added services to non-property owners and city services. An analysis of the Group's revenue by category was as follows:

	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers		
– Property management services	5,091,428	4,463,188
– Community value-added services	862,395	890,282
– Valued-added services to non-property owners	599,108	777,557
– City services	286,114	405,953
	6,839,045	6,536,980
Others	2,090	443
Total	6,841,135	6,537,423
Timing of revenue recognition		
A point in time	324,858	289,470
Over time	6,514,187	6,247,510
	6,839,045	6,536,980

Revenue from contracts with customers

(i) Transaction price allocated to the remaining performance obligation for contracts with customers

Contracts for property management services and city services are usually long term and the Group bills a fixed amount for service provided regularly. The Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has right to invoice. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Community value-added services and value-added services to non-property owners are for periods usually less than one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. REVENUE (CONTINUED)

Revenue from contracts with customers (continued)

(ii) Details of contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	2024 RMB'000	2023 RMB'000
Contract liabilities	940,075	870,338

As at 1 January 2023, contract liabilities amounted to RMB669,185,000.

(i) Significant changes in contract liabilities

Contract liabilities of the Group arise from the advance payments made by customers while the property management services or value-added services are yet to be provided.

The increase in contract liabilities balance as at 31 December 2024 was mainly due to the growth of the Group's business.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	779,310	667,996

7. OTHER INCOME AND OTHER GAINS AND LOSSES

	2024 RMB'000	2023 RMB'000
Other income		
– Bank interest income	21,793	15,722
– Government grants (note)	23,252	47,468
	45,045	63,190
Other gains and losses		
– Net foreign exchange loss	(2,940)	(3,031)
– (Loss) gain on disposal of property, plant and equipment, net	(1,169)	154
– (Loss) gain from fair value changes of investment properties	(13,730)	7,247
– Loss from fair value changes of financial assets at FVTPL	(27,776)	(33,103)
– Dividend income from financial assets at FVTPL	9,449	12,335
– Loss on disposal of subsidiaries, net	(146)	—
– Loss on disposal of financial assets at FVTPL	(2,794)	—
– Others	10,233	7,530
	(28,873)	(8,868)
	16,172	54,322

Note: Government grants represented unconditional cash payments granted by government authorities.

8. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on borrowings	1,434	3,172
Interest on other payable	1,161	1,792
Interest on lease liabilities	570	904
	3,165	5,868

9. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging the following:

	2024	2023
	RMB'000	RMB'000
Depreciation of property, plant and equipment	42,854	56,992
Amortisation of intangible assets	42,160	54,875
Amortisation of contract costs	24,865	11,679
Auditor's remuneration	3,060	3,060
Expected credit loss on financial assets, net of reversal		
– Expected credit loss on trade and bills receivables recognised	75,674	39,370
– Expected credit loss on deposits and other receivables (reversed) recognised	(1,524)	6,743
Expected credit loss on financial assets, net of reversal	74,150	46,113
Expense relating to short-term leases		
– rented premises	9,401	6,467
Expense relating to leases of low-value assets		
– furniture and machinery	2,147	548
Staff costs (including directors' emoluments - Note 13):		
Salaries, wages and other benefits	2,172,285	1,902,551
Bonus	136,536	172,687
Retirement scheme contribution	330,261	357,739
	2,639,082	2,432,977

10. INCOME TAX EXPENSE

	2024	2023
	RMB'000	RMB'000
PRC Enterprise Income Tax:		
Current tax	202,032	174,898
Under provision in respect of prior year	943	992
	202,975	175,890
Deferred tax (Note 25):		
Credited to profit or loss for the year	(34,827)	(25,115)
	168,148	150,775

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries are i) 25%, ii) 15% if registered or engaged in the encouraged industries and registered in the western region of the PRC, iii) 15% if regarded as advanced technology enterprise by local tax bureau or iv) 15% if registered and operating in the Hainan Free Trade Port.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China.

Pursuant to the rules and regulations of the BVI and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024	2023
	RMB'000	RMB'000
Profit before taxation	759,455	680,744
Tax calculated at the rates applicable to profits in the tax jurisdictions concerned	189,864	170,186
Effect of different tax rate	(25,017)	(25,204)
Tax effect of expenses not deductible for tax purposes	2,244	3,166
Tax effect of tax losses not recognised	1,038	1,704
Utilisation of tax losses previously not recognised	(924)	(69)
Under provision of tax for the prior year	943	992
Income tax expense	168,148	150,775

11. DIVIDENDS

	2024 RMB'000	2023 RMB'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2024 Interim - HK$0.0839 (2023 Interim – HK$0.045) per ordinary share	132,586	72,234
2024 Interim Special - HK$0.0336 (2023 Interim – Nil) per ordinary share	53,098	—
2023 Final - HK$0.0914 (2022 Final – HK$0.0492) per ordinary share	143,621	78,976
	329,305	151,210

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of HK$0.0668 (2023: final dividend in respect of the year ended 31 December 2023 of HK$0.0914) per ordinary share, in an aggregate amount of HK$115,467,000 (2023: HK$159,879,000), has been proposed by the board of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

12. EARNINGS PER SHARE

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

	2024 RMB'000	2023 RMB'000
Earnings		
Profit attributable to the equity owners of the Company	477,996	434,472

	2024 '000	2023 '000
Number of shares		
Weighted average number of ordinary shares	1,732,820	1,749,220

No diluted earnings per share was presented as there were no potential ordinary shares in issue for both years.

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emolument

	Fees	Salaries, allowance and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024					
Executive director					
Mr. Lin Zhong	3,286	—	3,605	16	6,907
Mr. Zhou Hongbin	—	4,418	660	159	5,237
Mr. Zhou Di	—	1,402	660	160	2,222
Non-executive director					
Ms. Cui Xiaoqing (note iv)	—	—	—	—	—
Independent non-executive director					
Mr. Ma Yongyi	274	—	—	—	274
Mr. Cheung Wai Chung	365	—	—	—	365
Mr. Yu Tiecheng	274	—	—	—	274
	4,199	5,820	4,925	335	15,279

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Directors' emolument (continued)

	Fees	Salaries, allowance and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023					
Executive director					
Mr. Lin Zhong	1,078	—	—	—	1,078
Mr. Zhou Hongbin	—	4,410	660	143	5,213
Mr. Zhou Di	—	1,469	660	110	2,239
Non-executive director					
Ms. Cui Xiaoqing (note iv)	—	—	—	—	—
Independent non-executive director					
Mr. Ma Yongyi	269	—	—	—	269
Mr. Cheung Wai Chung	359	—	—	—	359
Mr. Yu Tiecheng	269	—	—	—	269
	1,975	5,879	1,320	253	9,427

Notes:

(i) The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

(ii) The independent non-executive directors' and non-executive directors' emoluments shown above were paid for their services as directors of the Company.

(iii) There was no arrangement under which a director or the Chief Executive Officer waived or agreed to waive any remuneration during the year.

(iv) Ms. Cui Xiaoqing was appointed as a non-executive director on 30 November 2023.

(v) Discretionary bonus is determined by reference to the performance of individuals and the Group.

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(b) The five highest paid individuals

The five highest paid individuals of the Group are analysed as follows:

	2024	2023
	Number of individuals	Number of individuals
Directors	2	2
Non-directors, the highest paid individual	3	3
	5	5

Details of the emoluments of the above non-directors, the highest paid individual for the years ended 31 December 2024 and 2023 are as follows:

	2024	2023
	RMB'000	RMB'000
Salaries and other emoluments	3,451	3,128
Discretionary bonuses	1,496	1,496
Retirement scheme contributions	379	364
	5,326	4,988

The number of the highest paid non-directors fell within the following emolument band:

	2024	2023
	Number of individuals	Number of individuals
HKD1,500,001 to HKD2,000,000	2	2
HKD2,000,001 to HKD2,500,000	1	1
	3	3

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Computer equipment and software	Transportation equipment	Furniture and equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST						
At 1 January 2023	89,248	41,409	34,711	65,282	14,070	244,720
Additions	5,407	16,465	1,753	28,075	7,135	58,835
Acquisition of subsidiaries (Note 27)	—	—	44	361	440	845
Disposal	(107)	(8,531)	(736)	(13,709)	(1,146)	(24,229)
At 31 December 2023 and 1 January 2024	94,548	49,343	35,772	80,009	20,499	280,171
Additions	3,067	2,408	2,070	10,169	5,817	23,531
Disposal	—	(6,782)	(701)	(6,129)	(2,251)	(15,863)
Disposal of subsidiaries (Note 28)	—	—	(33)	—	—	(33)
At 31 December 2024	97,615	44,969	37,108	84,049	24,065	287,806
ACCUMULATED DEPRECIATION						
At 1 January 2023	53,837	22,825	17,810	13,604	6,936	115,012
Depreciation	14,282	13,793	5,005	19,460	4,452	56,992
Disposal	—	(7,311)	(548)	(6,892)	(499)	(15,250)
At 31 December 2023 and 1 January 2024	68,119	29,307	22,267	26,172	10,889	156,754
Depreciation	12,205	5,160	3,947	17,236	4,306	42,854
Disposal	—	(3,476)	(578)	(4,031)	(479)	(8,564)
Disposal of subsidiaries (Note 28)	—	—	(13)	—	—	(13)
At 31 December 2024	80,324	30,991	25,623	39,377	14,716	191,031
NET BOOK VALUE						
At 31 December 2023	26,429	20,036	13,505	53,837	9,610	123,417
At 31 December 2024	17,291	13,978	11,485	44,672	9,349	96,775

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment are depreciated using the straight-line method after taking into account of their estimated residual values at the following rates per annum:

Buildings	Shorter of the asset's useful life and the lease term on a straight-line basis
Leasehold improvements	Over the remaining life of lease term and 5 year
Computer equipment and software	3 years
Transportation equipment	5 - 15years
Furniture and equipment	3 years

Building is held for own use and situated in the PRC.

At 31 December 2024, the Group has pledged owned properties with carrying amounts of RMB12,198,000 (31 December 2023: RMB25,500,000) to secure general banking facilities granted to the Group.

The Group as lessee

Right-of-use assets (included in the property, plant and equipment)

	Leased properties RMB'000
As at 31 December 2024	
Carrying amount	9,844
As at 31 December 2023	
Carrying amount	18,323
For the year ended 31 December 2024	
Depreciation charge	11,544
For the year ended 31 December 2023	
Depreciation charge	13,603

	2024 RMB'000	2023 RMB'000
Total cash outflow for leases	23,915	19,789
Additions to right-of-use assets	3,066	5,407

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group leases various offices and office equipment for its operations. Lease contracts are entered into for fixed term of one to five years with no extension and termination option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. These legal transfer does not satisfy the requirements of HKFRS 15 to be accounted for as a sale of the machinery. As at 31 December 2024, the balance of borrowings of RMB4,048,000 (2023: RMB11,950,000) was secured by property, plant and equipment with a carrying amount of RMB12,198,000 (2023: RMB25,500,000).

The Group regularly entered into short-term leases for furniture and equipment. As at 31 December 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in Note 9.

15. INVESTMENT PROPERTIES

The Group leases out various properties, storage units and car parks with fixed rentals payable monthly. The leases typically run for an initial period of one to five years.

The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	2024 RMB'000	2023 RMB'000
Fair value		
At 1 January	558,480	556,684
Additions	4,375	307
Disposals	—	(5,758)
Change in fair value	(13,730)	7,247
At 31 December	549,125	558,480
Unrealised (loss) gain on property revaluation included in profit or loss	(13,730)	7,267

The fair value of the Group's investment properties as at 31 December 2024 and 2023, have been arrived at on the basis of valuation carried out on the respective dates by independent valuers who hold a recognised and relevant professional qualification and have recent experience in the location and category of the investment property being valued.

15. INVESTMENT PROPERTIES (CONTINUED)

Details of the valuation of investment properties are as follows:

		Significant unobservable input and range	
	Valuation Techniques	2024	2023
Commercial property 2024: RMB488,984,920 2023: RMB497,246,000	Direct comparison approach	Average market unit price: RMB7,500-28,206 per square metre	Average market unit price: RMB8,100-28,549 per square metre
Storage units 2024: RMB320,000 2023: RMB360,000	Income capitalisation approach	Discount rate: 5% Rental growth rate: 1% Prevailing daily market rent: RMB0.5 per square metre per day	Discount rate: 5% Rental growth rate: 1% Prevailing daily market rent: RMB0.52 per square metre per day
Car parks 2024: RMB59,820,000 2023: RMB60,874,000	Direct comparison approach	Average market unit price: RMB1,907-5,137 per square metre	Average market unit price: RMB1,864-5,205 per square metre

A significant increase in the rental growth rate, prevailing daily market rent or average market unit price used would result in a significant increase in fair value, and vice versa. A significant increase in the discount rate used would result in a significant decrease in fair value, and vice versa.

The fair values of all investment properties are measured on Level 3 fair value measurement. There were no transfers into or out of Level 3 during the year.

As at 31 December 2024, an investment property with a carrying amount of RMB4,375,000 in which the Group is in process of obtaining certificates (2023: None).

16. GOODWILL AND INTANGIBLE ASSETS

	2024	2023
	RMB'000	RMB'000
Intangible assets	297,557	318,494
Goodwill	1,488,171	1,488,171
	1,785,728	1,806,665

	Intangible assets - property management contracts and customer relationship	Goodwill	Software	Total
	RMB'000	RMB'000	RMB'000	RMB'000
COST				
At 1 January 2023	421,786	1,454,656	64,511	1,940,953
Acquisition of subsidiaries (Note 27)	7,180	33,515	—	40,695
Additions	—	—	11,993	11,993
At 31 December 2023 and 1 January 2024	428,966	1,488,171	76,504	1,993,641
Additions	—	—	21,223	21,223
At 31 December 2024	428,966	1,488,171	97,727	2,014,864
ACCUMULATED AMORTISATION				
At 1 January 2023	110,694	—	21,407	132,101
Amortisation	39,833	—	15,042	54,875
At 31 December 2023 and 1 January 2024	150,527	—	36,449	186,976
Amortisation	27,922	—	14,238	42,160
At 31 December 2024	178,449	—	50,687	229,136
NET BOOK VALUE				
At 31 December 2023	278,439	1,488,171	40,055	1,806,665
At 31 December 2024	250,517	1,488,171	47,040	1,785,728

16. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

The intangible assets arising from property management contracts and customers' relationship have finite useful lives and are amortised on a straight-line basis from one to twenty years.

Goodwill were arisen from acquisition of subsidiaries from third parties.

Software are amortised on a straight-line basis for five years.

Impairment test on goodwill is performed at least annually.

IMPAIRMENT TESTING ON GOODWILL

For the purposes of impairment testing, goodwill and intangible assets - property management contracts and customer relationship have been allocated to individual groups of CGUs. The carrying amounts of goodwill and intangible assets allocated to these units are as follows:

	Goodwill		Intangible assets - property management contracts and customer relationship	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Qingdao Yayuan Property Management Co., Ltd ("Qingdao Yayuan")	413,898	413,898	16,731	25,352
Shanghai Xingyue Property Services Co.,Ltd ("Shanghai Xingyue")	229,819	229,819	79,267	84,452
Shanghai Macalline Property Management Services Co., Ltd. ("Macalline Property")	589,050	589,050	130,550	139,291
Zhengzhou Jinyi Property Service Co., Ltd. ("Zhengzhou Jinyi")	110,949	110,949	16,746	18,467
Other groups of CGUs	144,455	144,455	7,223	10,877
	1,488,171	1,488,171	250,517	278,439

In addition to goodwill and intangible assets above, property, plant and equipment that generate cash flows together with the related goodwill and intangible assets are also included in the respective groups of CGUs for the purpose of impairment assessment

16. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

IMPAIRMENT TESTING ON GOODWILL (continued)

The recoverable amounts of the above groups of CGUs were determined based on value in use calculations. Those calculations use cash flow projections based on financial budgets approved by the management of the Group covering a 5-year (2023: 5-year) period.

	Qingdao Yayuan	Shanghai Xingyue	Macalline Property	Zhengzhou Jinyi	Other groups of CGUs
Pre-tax discount rate					
31 December 2024	14.8%	13%	13%	15.4%	11.3%-18.3%
31 December 2023	14.7%	13.7%	10.9%	14.5%	10.9%-17.8%
Growth rate within 5-year period					
31 December 2024	1.3%	2.4%	2.4%	4.0%	-0.1%-3.6%
31 December 2023	1.1%	3.0%	3.4%	5.1%	0.8%-12.0%
Long-term growth rate					
31 December 2024	3.0%	3.0%	3.0%	3.0%	3.0%
31 December 2023	3.0%	3.0%	3.0%	3.0%	3.0%

Pre-tax discount rate applied reflects the current market assessments of the time value of money and the risks specific to each of the group of CGUs. The growth rate within the 5-year (2023: 5-year) period have been based on past experience. The cash flows beyond the 5-year (2023: 5-year) period are extrapolated using estimated growth rates stated above. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of each of the CGUs to exceed their respective recoverable amount.

17. INVESTMENT IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Cost of investment in associates	1,880	—
Share of post-acquisition losses and other comprehensive expense	(26)	—
	1,854	—

18. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	RMB'000
Trade receivables		
– Related parties	878,789	913,198
– Third parties	1,907,086	1,535,600
	2,785,875	2,448,798
Bills receivables	4,093	2,027
Total	2,789,968	2,450,825
Less: allowance for credit losses	(344,953)	(269,279)
	2,445,015	2,181,546

As at 1 January 2023, trade and bills receivables from contracts with customers amounted to RMB1,771,724,000.

All bills received by the Group are with a maturity period of less than one year.

Trade receivables mainly arise from property management services under lump sum basis, community value-added services, value-added services to non-property owners and city services.

Revenue from property management services under lump sum basis, community value-added services, value-added services to non-property owners and city services are received in accordance with the term of the relevant service agreements and are due for payment upon the issuance of demand note.

The maturity of the bills receivable of the Group as at 31 December 2024 and 2023 is within 6 months. As at 31 December 2024 and 2023, no bills receivable is due from related parties.

Details of impairment assessment of trade and bills receivables are set out in Note 38.

As at 31 December 2024 and 2023, the ageing analysis of the trade and bills receivables net of expected credit loss presented based on invoice date were as follows:

	2024	2023
	RMB'000	RMB'000
Within 1 year	1,589,620	1,740,692
1 to 2 years	510,796	299,836
2 to 3 years	229,695	85,519
3 to 4 years	76,949	41,429
4 to 5 years	37,955	14,070
	2,445,015	2,181,546

19. PREPAYMENTS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Deposits for exclusive sales representative agreements (note)		
– Related parties	750,125	818,115
– Third parties	6,266	93,219
Other deposits and other receivables		
– Third parties	337,334	304,656
Total	1,093,725	1,215,990
Less: allowance for credit losses of deposits and other receivables	(59,475)	(60,999)
	1,034,250	1,154,991
Prepayments	159,002	129,358
	1,193,252	1,284,349
Less: Prepayments for property, plant and equipment	(3,249)	(378)
Deposits for exclusive sales representative agreements (note)	(371,276)	(398,852)
	(374,525)	(399,230)
Prepayments and other receivables presented as current assets	818,727	885,119

Note: Deposits for exclusive sales representative agreements represent refundable deposits to secure the sales collection of car parks, storage units and retail shops from the buyers. The deposits will be refunded when the car parks, storage units and retail shops are sold out.

20. FINANCIAL ASSETS AT FVTPL

	2024	2023
	RMB'000	RMB'000
Listed securities held for trading:		
– Equity securities listed in Hong Kong	3,935	4,264
Unlisted equity funds (note)	277,046	362,663
	280,981	366,927
Less: Financial assets at FVTPL presented as non-current assets	(277,046)	(362,663)
Financial assets at FVTPL presented as current assets	3,935	4,264

Note: The Group invested in several close-ended funds. Unlisted equity funds are classified as non-current assets as the management does not expect to dispose of these financial assets within twelve months from the reporting period.

The fair value of these funds was determined based on net asset value, further details were disclosed in Note 39.

21. RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

	2024	2023
	RMB'000	RMB'000
Restricted cash	67,422	38,165
Cash on hand	722	622
Fixed deposits with original maturity less than 3 months	6,000	6,000
Bank balances	2,611,124	2,334,888
Cash and cash equivalent	2,617,846	2,341,510

Bank balances and deposits carry interest at market rates which range from 0.25% to 1.75% (2023: 0.25% to 1.75%).

Note:

(a) At 31 December 2024, bank balances, deposits and cash in the amount of RMB5,215,000 (2023:RMB18,591,000), RMB2,607,121,000 (2023:RMB2,316,394,000) and RMB5,510,000 (2023: RMB6,525,000) are denominated in HK$, RMB and USD respectively. The cash and cash equivalent denominated in RMB are deposited in the PRC in the ordinary course of business. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(b) Restricted cash includes deposits of performance security of RMB20,199,000 (2023: RMB11,846,000), deposits of bills payables of RMB23,084,000 (2023: RMB16,585,000), housing maintenance funds of RMB2,723,000 (2023: RMB2,436,000) and other frozen funds of RMB21,416,000 (2023: RMB7,298,000), which are temporarily frozen due to minor litigations involving the Group's subsidiaries and will be released upon the conclusion of these litigations. The housing maintenance funds which were owned by the property owners but were deposited in the bank accounts in the name of the Group, such deposits can be used by the Group for the purpose of public maintenance expenditures upon the approval from the relevant government authorities.

22. TRADE AND BILLS PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables		
– Related parties	25,132	49,254
– Third partie	1,257,593	1,084,455
	1,282,725	1,133,709
Bills payables	24,812	16,582
	1,307,537	1,150,291

Based on the receipt of services and goods, which normally coincided with the invoice dates, the ageing analysis of the Group's trade and bills payables as at 31 December 2024 and 2023 as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	959,602	868,873
1 to 2 years	180,289	209,118
2 to 3 years	121,511	50,141
3 to 4 years	44,644	21,519
4 to 5 years	1,491	640
	1,307,537	1,150,291

23. ACCRUALS AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Accruals and other payables		
– Related parties (note a)	138,062	138,062
– Third parties	689,364	751,229
	827,426	889,291
Amount due to a director (note a)	84	84
Provision for legal dispute (note b)	1,848	1,366
Consideration payables for acquisition of a subsidiary (note c)	15,190	16,269
Salaries payable	313,141	296,829
Other tax payables	166,262	140,978
	1,323,951	1,344,817
Less: Amount shown under non-current liabilities	—	(9,322)
Accruals and other payables presented as current liabilities	1,323,951	1,335,495

Note:

(a) The balance is unsecured, interest-free and repayable on demand.

(b) The Group is currently involved in a number of legal disputes. The amount provided represents the directors' best estimate of the Group's liability having taken legal advice. Uncertainties relate to whether claims will be settled out of court or if not whether the Group is successful in defending any action.

As at 31 December 2024 and 2023, the provision for legal dispute reconciles to the opening for that provision as follows:

	Total RMB'000
At 1 January 2023	2,195
Accural of provision	586
Utilisation of provision	(1,415)
At 31 December 2023 and 1 January 2024	1,366
Accural of provision	1,488
Utilisation of provision	(1,006)
At 31 December 2024	1,848

(c) The amount represents the consideration payables for acquisition of subsidiaries. No amount (2023:RMB9,322,000) are due 12 months after the reporting period and therefore presented as non-current liabilities.

24. BORROWINGS

	2024 RMB'000	2023 RMB'000
Secured:		
Bank loans	25,000	23,200
Other loans	4,048	11,951
	29,048	35,151
Unsecured:		
Bank loans	6,500	9,800
	35,548	44,951

	Bank loans		Other loans		Total	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
The carrying amounts of the above borrowings are repayable (note):						
Within one year	31,500	33,000	3,743	7,769	35,243	40,769
Within a period of more than one year but not exceeding two years	—	—	305	4,182	305	4,182
	31,500	33,000	4,048	11,951	35,548	44,951
Less: Amounts due within one year shown under current liabilities	(31,500)	(33,000)	(3,743)	(7,769)	(35,243)	(40,769)
	—	—	305	4,182	305	4,182

Note: The amounts due are based on scheduled repayment dates set out in the loan agreements.

As at 31 December 2024, the balance of borrowings of RMB4,048,000 (2023: RMB11,951,000) was secured by property, plant and equipment with a carrying amount of RMB12,198,000(2023: RMB 25,500,000).

Secured bank loans of RMB25,000,000 (2023: RMB23,200,000) were guaranteed by management of the Group's subsidiary and a third party. The information about other loans was disclosed in Note 14.

24. BORROWINGS (CONTINUED)

All the borrowings are denominated in RMB as at 31 December 2024 and 2023.

Fixed-rate borrowings amounted to RMB35,548,000 (2023: RMB11,951,000) carry interest ranging from 2.00% to 9.00% per annum at 31 December 2024 (2023: 2.36% to 9.74%) and expose the Group to fair value interest rate risk. All borrowings as at 31 December 2024 are arranged at fixed rate (2023: the remaining borrowings were arranged at Loan Prime Rate+ 2.45%).

25. DEFERRED TAX

Details of the deferred tax assets and liabilities recognised and movements for the years ended 31 December 2024 and 2023 are as follows:

Deferred tax assets

	Impairment loss on trade and bills receivables	Impairment loss on deposits and other receivables	Provision for legal dispute	Fair value adjustment for financial asset at FVTPL	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	65,211	13,926	549	—	79,686
Credited (charged) to profit or loss for the year	9,864	1,664	(89)	5,444	16,883
At 31 December 2023 and 1 January 2024	75,075	15,590	460	5,444	96,569
Credited (charged) to profit or loss for the year	18,919	(381)	120	5,592	24,250
At 31 December 2024	93,994	15,209	580	11,036	120,819

25. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

	Withholding tax of undistributed profits	Fair value adjustment of management contract & customer relationship	Fair value adjustment of revalued property, plant and equipment	Fair value adjustment for investment properties	Lease	Total
	RMB'000 (note a)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	(11,926)	(77,080)	(1,559)	(11,435)	(117)	(102,117)
Acquisition of subsidiaries (Note 27)	—	(1,747)	(65)	—	—	(1,812)
Credited (charged) to profit or loss for the year	—	9,697	226	(1,808)	117	8,232
At 31 December 2023 and 1 January 2024	(11,926)	(69,130)	(1,398)	(13,243)	—	(95,697)
Credited (charged) to profit or loss for the year	—	6,919	331	3,433	(106)	10,577
At 31 December 2024	(11,926)	(62,211)	(1,067)	(9,810)	(106)	(85,120)

(a) No deferred tax liability has been provided on certain temporary difference of RMB2,472,988,000 (2023: RMB1,755,216,000) relating to the undistributed earnings of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

(b) At 31 December 2024, the Group had unused tax losses of approximately RMB14,774,000 (2023: RMB14,321,000) available to offset against future profits. No deferred taxation asset has been recognised in respect of the remaining losses of approximately RMB14,774,000 (2023: RMB14,321,000) at 31 December 2024 due to the unpredictability of future profit streams. The unrecognised tax losses will expire by year 2025-2029.

For the purpose of presentation in the consolidated financial statements, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balance for financial reporting purposes:

	2024	2023
	RMB'000	RMB'000
Deferred tax assets	110,903	83,323
Deferred tax liabilities	(75,204)	(82,451)
	35,699	872

26. SHARE CAPITAL

	2024		2023	
	Number	Amount	Number	Amount
	'000	RMB'000	'000	RMB'000
Ordinary shares of HK$0.01 each				
Authorised				
As at 1 January and 31 December	4,000,000	35,462	4,000,000	35,462

	2024		2023	
	Number	Amount	Number	Amount
	'000	RMB'000	'000	RMB'000
Issued and fully paid:				
As at 1 January	1,749,220	15,480	1,749,220	15,480
Cancellation of repurchased shares (note a)	(20,666)	(189)	—	—
At 31 December	1,728,554	15,291	1,749,220	15,480

Note:

(a) During the year ended 31 December 2023, the Company has repurchased its own ordinary shares in aggregate of 5,342,000 shares.

During the year ended 31 December 2024, the Company has repurchased its own ordinary shares in aggregate of 15,324,000 shares and cancelled 20,666,000 shares.

Month of repurchase	Number of ordinary shares of HK$ 0.01 each	Price per share Highest	Lowest	Aggregate consideration paid	
		HK$	HK$	HK$'000	RMB'000
January	4,548,000	1.40	1.07	5,607	5,098
March	300,000	1.29	1.28	386	350
April	3,600,000	1.43	1.28	4,874	4,418
May	1,500,000	1.86	1.74	2,698	2,452
June	5,076,000	1.82	1.54	8,608	7,863
July	300,000	1.66	1.58	493	450
	15,324,000			22,666	20,631

27. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2024

The Group had not acquired any subsidiary.

For the year ended 31 December 2023

Acquisitions of business

In January 2023, the Group completed the acquisition of 90% equity interests in Beijing Hangteng Property Management Co., Ltd ("Beijing Hangteng"). Beijing Hangteng principally engaged in the property management business.

This acquisition was made with the aims to expand the Group's existing scale of operation and enlarge the Group's market presence and has been accounted for as acquisition of businesses using the acquisition method.

Consideration transferred

	Beijing Hangteng
	RMB'000
Cash consideration paid	58,124

Assets acquired and liabilities recognised at the date of acquisition

	Beijing Hangteng
	RMB'000
Property, plant and equipment	845
Intangible assets - property management contracts and customers relationship	7,180
Financial assets at FVTPL	22,773
Trade receivables	18,352
Prepayments and other receivables	5,708
Cash and cash equivalents	2,395
Trade payables	(14,719)
Accruals and other payables	(13,030)
Provision for taxation	(349)
Deferred tax liabilities	(1,812)
Net identifiable assets	27,343

27. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2023 (continued)

Acquisitions of business (continued)

The trade receivables and other receivables acquired with a fair value of RMB24,060,000 as at the date of acquisition had gross contractual amounts of RMB24,060,000.

The fair value of intangible assets acquired in business combination is estimated by an independent valuer through application of income approach. This approach estimates the future economic benefits and costs attributed to the property management contracts and the customer relationship of the acquiree.

Goodwill arising on the acquisition

	Beijing Hangteng
	RMB'000
Consideration transferred	58,124
Add: Non-controlling interest	2,734
Less: Fair value of net identifiable assets acquired	(27,343)
Goodwill arising on the acquisition	33,515

27. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2023 (continued)

Acquisitions of business (continued)

Goodwill arising on the acquisition (continued)

Goodwill arose on the acquisition of Beijing Hangteng because the expected future development of acquiree's business, improvement on market coverage, enriching the service portfolio, integrating value-added services, and improvement on management efficiency, etc. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Net cash outflows arising on the acquisition

	Beijing Hangteng
	RMB'000
Cash consideration paid	58,124
Less: Cash and cash equivalents	(2,395)
	55,729

Impact of acquisition on the results of the Group

Included in the profit for the year is RMB2,050,000 attributable to the additional business generated by Beijing Hangteng. Revenue for the year includes RMB35,003,000 generated from Beijing Hangteng. Had the acquisition of Beijing Hangteng been completed on 1 January 2023, revenue and profit for the year of the Group would be approximately the same as the amounts presented on the face of the consolidated statement of profit or loss and other comprehensive income.

The Group elected to apply the optional concentration test in accordance with HKFRS 3 "Business Combinations" and concluded that the investment property of each company is considered a single identifiable asset.

Consequently, the Group determined that substantially all of the fair value of the gross assets (excluding bank balances, deposits and cash) acquired is concentrated in a group of similar identifiable assets and concluded that the acquired set of activities and assets is not a business.

28. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2024

Name of subsidiaries	Place of incorporation/ establishment	Equity interest held by the Group before disposal	Equity interest held by the Group after disposal	Total consideration
				RMB'000
Jieshou Chengtou Xuhui Yongsheng Life Service Company Limited	PRC	51%	Nil	1,950
Dezhou Yongsheng Chenxi Property Management Co., Ltd	PRC	51%	Nil	406
				2,356

	2024
	RMB'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	20
Trade and bills receivables	8,909
Prepayments and other receivables	156
Cash and cash equivalents	3,494
Trade and bills payables	(6,137)
Contract liabilities	(264)
Accruals and other payables	(863)
Provision for taxation	(409)
Net assets disposed of	4,906
Loss on disposal of subsidiaries:	
Cash consideration	2,356
Non-controlling interests	2,404
Net assets disposed of	(4,906)
	(146)

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries are as follows:

	2024
	RMB'000
Cash and cash equivalents disposed of	(3,494)
Cash consideration received	2,356
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(1,138)

29. COMPANY'S STATEMENT OF FINANCIAL POSITION

	Note	2024	2023
		RMB'000	RMB'000
Non-current assets			
Interests in subsidiaries		153,511	153,511
Amounts due from subsidiaries (note i)		2,041,872	2,364,519
		2,195,383	2,518,030
Current assets			
Financial assets at FVTPL		3,935	4,264
Bank balances, deposits and cash		7,211	32,529
		11,146	36,793
Current liability			
Accruals and other payable		564	617
		564	617
Net current assets		10,582	36,176
Total assets less current liabilities		2,205,965	2,554,206
NET ASSETS		2,205,965	2,554,206
Capital and reserves			
Share capital	26	15,291	15,480
Reserves (note ii)		2,190,674	2,538,726
TOTAL EQUITY		2,205,965	2,554,206

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statement of changes in equity.

29. COMPANY'S STATEMENT OF FINANCIAL POSITION (CONTINUED)

Notes:

(i) The amounts due from subsidiaries are unsecured, interest-free and repayable on demand. The amounts are not expected to be repaid within 12 months after reporting period and therefore classified as non-current assets.

(ii) Movements in reserves

	Treasury shares	Share premium	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023	—	2,798,236	(63,982)	2,734,254
Loss and total comprehensive expenses for the year	—	—	(38,175)	(38,175)
Dividend paid	—	(151,210)	—	(151,210)
Repurchase of shares	(6,143)	—	—	(6,143)
Balance at 31 December 2023 and 1 January 2024	(6,143)	2,647,026	(102,157)	2,538,726
Profit and total comprehensive incomes for the year	—	—	1,695	1,695
Dividend paid	—	(329,305)	—	(329,305)
Repurchase and cancellation of shares	6,143	(26,585)	—	(20,442)
Balance at 31 December 2024	—	2,291,136	(100,462)	2,190,674

30. INTERESTS IN SUBSIDIARIES

Details of the major subsidiaries are as follows:

Name of subsidiaries	Form of business structure from	Issued share capital	% of owner ship interests		Place of incorporation and operation and principal activities
			2024	2023	
Elite Force Investment Limited	Limited liability company registered under BVI Company law	USD1	100%	100%	Investment Holding in BVI
Elite Force International Limited	Limited liability company registered under Hong Kong Companies Ordinance	HKD100	100%	100%	Investment Holding in Hong Kong
City Lights Assets Limited	Limited liability company registered under Hong Kong Companies Ordinance	HKD100	100%	100%	Investment Holding in Hong Kong
Prominent Intellectuals Limited	Limited liability company registered under BVI Company law	USD1	100%	100%	Investment Holding in BVI
Shanghai Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB112,000,000	100%	100%	Property Management in the PRC
Xiamen Yongsheng Property Service Company Limited	Limited liability company registered under the PRC law	RMB3,000,000	100%	100%	Property Management in the PRC
Beijing Yongsheng Property Service Company Limited	Limited liability company registered under the PRC law	RMB100,000,000	100%	100%	Property Management in the PRC
Shanghai Xiaole Enterprises Development Co., Ltd	Limited liability company registered under the PRC law	RMB102,000,000	100%	100%	Property Management in the PRC
Ningbo Yongda Property Management Company Limited	Limited liability company registered under the PRC law	RMB5,000,000	100%	100%	Property Management in the PRC
Shandong Luban Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB5,000,000	70%	70%	Property Management in the PRC
Hubei Yufu Meijia Property Agency Company Limited	Limited liability company registered under the PRC law	RMB2,010,000	100%	100%	Property Management in the PRC

30. INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the major subsidiaries are as follows: (continued)

Name of subsidiaries	Form of business structure from	Issued share capital	% of owner ship interests		Place of incorporation and operation and principal activities
			2024	2023	
Hubei Xu Mei Yongsheng Property Company Limited	Limited liability company registered under the PRC law	RMB2,010,000	100%	100%	Property Management in the PRC
Shanghai Shengkuang Construction and Engineering Co.,Ltd	Limited liability company registered under the PRC law	RMB40,000,000	100%	100%	Construction and Maintenance in the PRC
Suzhou Xinyong Property Management Co., Ltd.	Limited liability company registered under the PRC law	RMB5,000,000	51%	51%	Property Management in the PRC
Qingdao Yayuan	Limited liability company registered under the PRC law	RMB5,000,000	55%	55%	Property Management in the PRC
Shandong Huizhong Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB3,000,000	51%	51%	Property Management in the PRC
Shandong Yongsheng Yinshengtai Property Management Company Limited (ii)	Limited liability company registered under the PRC law	RMB3,000,000	50%	50%	Property Management in the PRC
Tangshan Yongsheng yujing Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	65%	65%	Property Management in the PRC
Jiangsu Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB10,000,000	100%	100%	Property Management in the PRC
Chongqing Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB2,000,000	100%	100%	Property Management in the PRC
Chongqing Xuyuan Tiancheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB3,000,000	51%	51%	Property Management in the PRC
Liaoning Guangna Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC

30. INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the major subsidiaries are as follows: (continued)

Name of subsidiaries	Form of business structure from	Issued share capital	% of owner ship interests		Place of incorporation and operation and principal activities
			2024	2023	
Shanghai Yongsheng Yizhi Property Management Company Limited (ii)	Limited liability company registered under the PRC law	RMB1,000,000	50%	50%	Property Management in the PRC
Yongsheng Jiuwu Shuzi Technology (Wuhan) Company Limited	Limited liability company registered under the PRC law	RMB3,000,000	100%	100%	Software and Technology Services
Linjiu zhihui Technology (Guangdong) Company Limited	Limited liability company registered under the PRC law	HKD 150,000,000	100%	100%	Software and Technology Services
Guangxi Yongsheng Qingxin Property Management Company Limited	Limited liability company registered under the PRC law	RMB500,000	70%	70%	Property Management in the PRC
Jiangsu Xiangjiang Property Development Company Limited	Limited liability company registered under the PRC law	RMB10,180,000	51%	51%	Property Management in the PRC
Qingdao Yinshengtai Property Management Services Company Limited (ii)	Limited liability company registered under the PRC law	RMB1,000,000	50%	50%	Property Management in the PRC
Ningbo Shenghui Property Management Services Company Limited	Limited liability company registered under the PRC law	RMB5,000,000	100%	100%	Property Management in the PRC
Shanghai Xinhui Enterprise Development Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	100%	100%	Construction and Maintenance in the PRC
Yunnan Yongsheng Yaoxing Property Management Company Limited	Limited liability company registered under the PRC law	RMB10,000,000	51%	51%	Property Management in the PRC
Shanghai Zhenku Technology Company Limited	Limited liability company registered under the PRC law	RMB10,000,000	100%	100%	Software and Technology Services
Bijie Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	60%	60%	Property Management in the PRC
Weihai Yongsheng Xinghai Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,120,000	55%	55%	Property Management in the PRC

30. INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the major subsidiaries are as follows: (continued)

Name of subsidiaries	Form of business structure from	Issued share capital	% of owner ship interests		Place of incorporation and operation and principal activities
			2024	2023	
Chengdu Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB5,000,000	100%	100%	Property Management in the PRC
Tianjin Yongsheng Haijing Property Management Company Limited (ii)	Limited liability company registered under the PRC law	RMB5,000,000	50%	50%	Property Management in the PRC
Liupanshui Tongluowan Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC
Heilongjiang Baoyujiahui Property Management Company Limited (ii)	Limited liability company registered under the PRC law	RMB5,000,000	50%	50%	Property Management in the PRC
Siyang Xuhui Yongsheng Life Service Company Limited	Limited liability company registered under the PRC law	USD1,000,000	90%	90%	Property Management in the PRC
Xuhui Yongsheng (Hainan) Investment Company Limited	Limited liability company registered under the PRC law	RMB701,430,800	100%	100%	Investment in the PRC
Beijing Dayitianxia Technology Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	100%	100%	Software and Technology Services
Huaian Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB5,000,000	100%	100%	Property Management in the PRC
Shanghai Yonglin Enterprises Development Co., Ltd	Limited liability company registered under the PRC law	RMB500,000	100%	100%	Property Management in the PRC
Shanghai Yongbao Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC
Huaxixinan (Beijing) Property Management Company Limited (ii)	Limited liability company registered under the PRC law	RMB5,000,000	50%	50%	Property Management in the PRC
Guangan Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB2,000,000	55%	55%	Property Management in the PRC

30. INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the major subsidiaries are as follows: (continued)

Name of subsidiaries	Form of business structure from	Issued share capital	% of ownership interests		Place of incorporation and operation and principal activities
			2024	2023	
Liupanshui Yongsheng Zhihui Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC
Cangzhou Zeqing Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	60%	60%	Property Management in the PRC
Wuxi Huisheng City Property Management Company Limited	Limited liability company registered under the PRC law	RMB5,000,000	51%	51%	Property Management in the PRC
Shandong Yongsheng Guangcheng Property Management Company Limited (ii)	Limited liability company registered under the PRC law	RMB3,010,000	35%	35%	Property Management in the PRC
Shandong Yongzhu Property Management Company Limited	Limited liability company registered under the PRC law	RMB3,010,000	60%	60%	Property Management in the PRC
Changsha Yongsheng Yuecheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC
Shanghai Xingyue	Limited liability company registered under the PRC law	RMB1,000,000	80%	80%	Property Management in the PRC
Shanghai Yongxin Property Management Company Limited	Limited liability company registered under the PRC law	RMB10,000,000	100%	100%	Property Management in the PRC
Shandong Yongzhong Property Management Company Limited	Limited liability company registered under the PRC law	RMB3,000,000	55%	55%	Property Management in the PRC
Henan Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC
Yunnan Yongsheng Hongxiang Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC

30. INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the major subsidiaries are as follows: (continued)

Name of subsidiaries	Form of business structure from	Issued share capital	% of ownership interests		Place of incorporation and operation and principal activities
			2024	2023	
Handan Yongsheng Hulian Property Management Company Limited	Limited liability company registered under the PRC law	RMB5,000,000	60%	60%	Property Management in the PRC
Xuancheng Yongxin Property Management Company Limited	Limited liability company registered under the PRC law	RMB3,000,000	100%	100%	Property Management in the PRC
Shaanxi Yongsheng Tianjie Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC
Hunan Meizhong	Limited liability company registered under the PRC law	RMB50,000,000	51%	51%	Sanitation Services in the PRC
Ningbo Shengxu Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	100%	100%	Property Management in the PRC
Changsha Yongsheng Huiyue Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC
Bengbu Yongjia Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	65%	65%	Property Management in the PRC
Guizhou Zhihui Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB3,000,000	51%	51%	Property Management in the PRC
Hefei Yongzhang Property Management Company Limited	Limited liability company registered under the PRC law	RMB3,000,000	100%	100%	Property Management in the PRC
Tiemenguan Yongsheng Huashan Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	60%	60%	Property Management in the PRC
Shanghai Yiniu Dingding Material Technology Company Limited	Limited liability company registered under the PRC law	RMB4,000,000	51%	51%	Property Management in the PRC
Zhengzhou Jinyi	Limited liability company registered under the PRC law	RMB6,000,000	100%	100%	Property Management in the PRC

30. INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the major subsidiaries are as follows: (continued)

Name of subsidiaries	Form of business structure from	Issued share capital	% of ownership interests 2024	% of ownership interests 2023	Place of incorporation and operation and principal activities
Yancheng Yongshenghuo Property Service Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC
Tianshui Yongsheng Hengtong Property Company Limited	Limited liability company registered under the PRC law	RMB3,000,000	65%	65%	Property Management in the PRC
Chongqing Yongsheng Huijia Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	100%	100%	Property Management in the PRC
Fujian Xugao Property Service Company Limited	Limited liability company registered under the PRC law	RMB10,000,000	100%	100%	Sanitation Services in the PRC
Guiyang Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	100%	100%	Property Management in the PRC
Zhejiang Yongsheng Property Service Company Limited	Limited liability company registered under the PRC law	RMB10,000,000	100%	100%	Property Management in the PRC
Beijing Yongsheng Zunyi Propert	Limited liability company registered under the PRC law	RMB2,000,000	51%	51%	Property Management in the PRC
Beijing Henghui Yongsheng Property Service Company Limited (ii)	Limited liability company registered under the PRC law	RMB10,000,000	50%	50%	Property Management in the PRC
Chongqing Shengxun	Limited liability company registered under the PRC law	RMB1,000,000	100%	100%	Property Management in the PRC
Chongqing Shengxu	Limited liability company registered under the PRC law	RMB1,000,000	100%	100%	Property Management in the PRC
Nanjing Ningxi Property Service Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	100%	100%	Property Management in the PRC
Shanghai Xinchen Dahai Culture Media Technoloy Company Limited	Limited liability company registered under the PRC law	RMB10,000,000	100%	100%	Sanitation Services in the PRC
Beijing Hangteng Property Management Co., Ltd	Limited liability company registered under the PRC law	RMB60,000,000	90%	90%	Property Management in the PRC

30. INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the major subsidiaries are as follows: (continued)

Name of subsidiaries	Form of business structure from	Issued share capital	% of ownership interests		Place of incorporation and operation and principal activities
			2024	2023	
Zhangzhou Xuyonglong Property Service Co., Ltd.	Limited liability company registered under the PRC law	RMB1,000,000	65%	65%	Property Management in the PRC
Changsha Yongsheng Yuecheng Property Management Co., Ltd.	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC
Henan Meisheng Smart Commercial Service Co., Ltd.	Limited liability company registered under the PRC law	RMB1,000,000	60%	60%	Integrated Management in the PRC
Jiangyin Zenan Yongsheng Urban Service Co., Ltd.	Limited liability company registered under the PRC law	RMB3,000,000	60%	60%	Property Management in the PRC
Tianjin Yongsheng Chengkong Property Management Co., Ltd.	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC
Qinghai Yongsheng Rui Property Management Co. Ltd.	Limited liability company registered under the PRC law	RMB3,000,000	60%	60%	Property Management in the PRC
Chongqing Hezhan Property Management Co. Ltd.	Limited liability company registered under the PRC law	RMB1,000,000	100%	100%	Property Management in the PRC
Chongqing Yongzhang Enterprise Management Co. Ltd.	Limited liability company registered under the PRC law	RMB1,000,000	100%	100%	Property Management in the PRC
Shanghai Xinxiangjia Home Management Co. Ltd.	Limited liability company registered under the PRC law	RMB10,000,000	100%	100%	Integrated Management in the PRC
Sichuan Yongsheng Shenggaohua Human Resources Co., Ltd (i)	Limited liability company registered under the PRC law	RMB500,000	100%	—	Integrated Management in the PRC

Notes:

(i) The subsidiaries were established by the Group during the year ended 31 December 2024.

(ii) The Group has the right to appoint a majority of directors to the board of directors. Hence the Group has the control over these entities to affect its returns. Therefore, these entities are accounted for as subsidiaries of the Company.

None of the subsidiaries had issued any debt securities at the end of the year.

31. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Ownership interest held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	2024	2023	2024	2023
				RMB'000	RMB'000	RMB'000	RMB'000
Qingdao Yayuan	PRC	45%	45%	28,104	29,532	24,102	22,602
Macalline Property	PRC	20%	20%	20,037	18,396	110,404	114,166
Individually immaterial subsidiaries with non-controlling interests				65,170	47,569	250,409	203,800
				113,311	95,497	384,915	340,568

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Qingdao Yayuan

	2024	2023
	RMB'000	RMB'000
For the year ended 31 December		
Revenue	267,449	276,097
Profit and total comprehensive income	62,454	65,627
Profit attributable to non-controlling interests	28,104	29,532
Dividends paid to non-controlling interests	26,604	41,625
Cash flows from operating activities	72,503	80,255
Cash flows used in investing activities	(295)	(395)
Cash flows used in financing activities	(65,576)	(95,472)
Net cash inflows (outflows)	6,632	(15,612)

31. NON-CONTROLLING INTERESTS (CONTINUED)

	2024	2023
	RMB'000	RMB'000
Current assets	124,789	123,117
Non-current assets	20,884	31,700
Current liabilities	(92,000)	(96,997)
Non-current liabilities	(112)	(7,593)
Net assets	53,561	50,227
Accumulated non-controlling interests	24,102	22,602

Macalline Property

	2024	2023
	RMB'000	RMB'000
For the year ended 31 December		
Revenue	635,690	626,231
Profit and total comprehensive income	100,184	91,982
Profit attributable to non-controlling interests	20,037	18,396
Dividends paid to non-controlling interests	23,799	—
Cash flows from operating activities	84,590	134,314
Cash flows used in investing activities	(331)	(851)
Cash flows used in financing activities	(118,996)	(90,775)
Net cash (outflows) inflows	(34,737)	42,688

	2024	2023
	RMB'000	RMB'000
Current assets	138,974	255,789
Non-current assets	535,679	459,395
Current liabilities	(100,181)	(182,355)
Non-current liabilities	(22,453)	(55,936)
Net assets	552,019	476,893
Accumulated non-controlling interests	110,404	114,166

32. RELATED PARTIES TRANSACTIONS

During the year, the Group entered into the following transactions with related parties:

(a) Related parties transactions

	2024 RMB'000	2023 RMB'000
Property management services		
Fellow subsidiaries (note i)	28,107	33,688
Associates and joint ventures of the ultimate holding company (note ii)	15,047	13,862
Subsidiaries of Red Star Macalline Group Corporation Ltd. ("Red Star Macalline") (note iii)	610,992	622,462
Total	654,146	670,012
Community value-addded services		
Fellow subsidiaries (note i)	13,347	72,649
Associates and joint ventures of the ultimate holding company (note ii)	5,190	12,111
Total	18,537	84,760
Value-added services to non-property owners		
Fellow subsidiaries	231,017	362,393
Associates and joint ventures of the ultimate holding company (note ii)	192,829	202,371
Total	423,846	564,764
Purchase of services		
Subsidiaries of Red Star Mancalline (note iii)	64,816	76,298

32. RELATED PARTIES TRANSACTIONS (CONTINUED)

(a) Related parties transactions (continued)

Notes:

(i) Represented the subsidiaries of CIFI Holdings (Group) Co. Ltd.

(ii) Represented associates and joint ventures of CIFI Holdings (Group) Co. Ltd.

(iii) Represented the subsidiaries of Red Star Macalline which is a non-controlling shareholder having a significant influence over Macalline Property.

The remuneration paid and payable to the key management personnel of the Group who are also the directors of the Company for the year is set out in Note 13.

(b) Related parties balances

	2024	2023
	RMB'000	RMB'000
Trade and bills receivables		
Fellow subsidiaries (note i)	533,186	487,151
Associates and joint ventures of the ultimate holding company (note i)	337,364	269,778
Subsidiaries of Red Star Macalline (note i)	8,239	156,269
Total	878,789	913,198
Deposits and other receivables		
Fellow subsidiaries (note ii)	673,533	714,466
Associates and joint ventures of the ultimate holding company (note ii)	76,592	103,649
Total	750,125	818,115
Trade and bills payables		
Subsidiaries of Red Star Macalline (note iii)	25,132	49,254

32. RELATED PARTIES TRANSACTIONS (CONTINUED)

(b) Related parties balances (continued)

	2024 RMB'000	2023 RMB'000
Other payables		
Fellow subsidiaries (note iv)	138,062	138,062
Contract liabilities		
Fellow subsidiaries (note v)	52,146	49,453
Associates and joint ventures of the ultimate holding company (note v)	7,943	3,595
Subsidiaries of Red Star Macalline (note v)	1,101	1,664
Total	61,190	54,712

Notes:

(i) The balances were represented provision of property management services, community-value added services and value-added services to non-property owners and city services in accordance with the terms of the relevant services agreements which charged by the square meter of the service area and actual cost incurred. The amounts were due for payment upon the issuance of demand note.

(ii) The deposits were represented with deposit for exclusive sales representative agreements of refundable deposits to secure the sales collective of car parks, storge units and retail shops and amount will be refunded when the car park, storage units and retail shops are sold out. The other receivables were unsecured, interest free and receivable on demand.

(iii) The balances were represented purchases of services charged based on service agreement mutually agreed by contracted parties.

(iv) The other payables are unsecured, interest-free and payables on demand.

(v) The balances were represented advance payments from contracted parties in accordance with the terms of the relevant services agreements which charged by the square meter of the service area and actual cost incurred while the property management services or valued added services are yet to be provided.

33. LEASE LIABILITIES

Lease liabilities payable:

	2024 RMB'000	2023 RMB'000
Not later than one year	7,698	10,848
Later than one year and not later than two years	1,481	5,973
Later than two years and not later than five years	1,091	1,827
Over five year	—	148
	10,270	18,796
Less: Amount due for settlement within 12 months shown under current liabilities	(7,698)	(10,848)
Amount due for settlement after 12 months shown under non-current liabilities	2,572	7,948

The weighted average incremental borrowing rates applied to lease liabilities range from 3.65% to 5.00% (2023: from 3.65% to 5.00%).

34. OPERATING LEASING ARRANGEMENTS

The Group as lessor

Certain of the properties held by the Group for rental purposes have committed lessees for the next 1 and 3 years respectively.

Undiscounted lease payments receivable on leases are as follows:

	2024 RMB'000	2023 RMB'000
Within one year	1,415	3,081
In the second year	61	1,415
In the third year	—	61
	1,476	4,557

35. COMMITMENTS

	2024 RMB'000	2023 RMB'000
Commitments for the acquisition of property, plant and equipment and intangible assets	6,872	6,433

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

	Dividend payables RMB'000	Borrowings RMB'000	Lease liabilities RMB'000	Other payables RMB'000
As at 1 January 2023	7,147	76,163	26,162	1,401
Change from financing cash flow				
– New borrowings raised	—	48,290	—	—
– Repayments	(199,982)	(93,975)	(12,773)	(1,401)
– Interest paid	—	(3,172)	(904)	(964)
	(199,982)	(48,857)	(13,677)	(2,365)
Non-cash changes				
– New leases	—	—	5,407	—
– Addition from sale and leaseback	—	14,473	—	—
– Accrued dividends	192,835	—	—	—
– Finance costs	—	3,172	904	964
	192,835	17,645	6,311	964

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	Dividend payables	Borrowings	Lease liabilities	Other payables
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2023	—	44,951	18,796	—
Change from financing cash flow				
– New borrowings raised	—	34,500	—	—
– Repayments	(402,306)	(46,725)	(12,367)	—
– Interest paid	—	(1,434)	(570)	(1,161)
	(402,306)	(13,659)	(12,937)	(1,161)
Non-cash changes				
– New leases	—	—	3,841	—
– Addition from sale and leaseback	—	2,822	—	—
– Accrued dividends	402,306	—	—	—
– Finance costs	—	1,434	570	1,161
	402,306	4,256	4,411	1,161
As at 31 December 2024	—	35,548	10,270	—

37. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, which includes the borrowings and lease liabilities, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained earnings and other reserves.

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends, new shares issue and share buy-back as well as the issue of new debts or redemption of existing debt, if necessary.

The management regards total equity as capital. The amount of capital as at 31 December 2024 and 2023 amounted to RMB5,386,041,000 and RMB5,213,634,000 respectively, which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

38. FINANCIAL RISK MANAGEMENT

a. Categories of financial instruments

	2024	2023
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost	6,164,533	5,716,212
Financial assets at FVTPL	280,981	366,927
Financial liabilities		
Amortised cost	2,185,785	2,098,711
Lease liabilities	10,270	18,796

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, other receivables, financial assets at FVTPL, restricted cash, cash and cash equivalents, trade and bills payables, other payables, borrowings and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Financial risk management objectives and policies (continued)

(a) Market risk

Currency risk

The Group mainly operated in the PRC with most of the transactions settled in RMB. The Group's foreign currency denominated monetary assets are mainly bank balances at the end of each reporting period and the carrying amounts are as follows:

	2024	2023
	RMB'000	RMB'000
Assets		
HK$	5,215	18,591
USD	5,510	6,525
	10,725	25,116

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in RMB against the relevant foreign currency. The sensitivity rate used represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in profit after taxation for the year where RMB weakens 5% against the relevant currency. For a 5% strengthening of RMB against the relevant currency, there would be an equal and opposite impact on the profit after taxation and the amounts below would be negative.

	2024	2023
	RMB'000	RMB'000
Profit after taxation	402	1,175

The Group currently does not enter into any derivative contracts to minimise the currency risk exposure.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to restricted cash (Note 21), bank balances and deposits (Note 21), borrowings (Note 24) and lease liabilities (Note 33). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (Note 21) and variable-rate borrowings (Note 24). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and borrowings. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

The Group has no significant interest - bearing assets and liabilities other than borrowings, restricted cash and bank balances and deposits. Management monitors the interest rate risk and performs sensitivity analysis on a regular basis.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Financial risk management objectives and policies (continued)

(a) Market risk (continued)

Interest rate sensitivity

The sensitivity analyses below have been prepared based on the exposure to interest rates for non-derivative instruments (restricted cash, bank balances and deposits and borrowings). The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease for restricted cash, bank balances and deposits and borrowings are used when reporting interest rate risk internally to key management personnel and represent management's assessment of the possible change in interest rate in respect of bank balances and deposits respectively.

At the end of the reporting period, if interest rates had been increased/decreased by 50 basis points in respect of restricted cash, bank balances and deposits and borrowings, the Group's profit after taxation would increase/decrease by approximately RMB10,070,000 (2023: RMB8,924,000) for the year ended 31 December 2024.

Other price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL. In addition, the Group also invested in several close-ended funds. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. For sensitivity analysis of equity securities with fair value measurement categorised within Level 1 and Level 2, the sensitivity rate is 5% in current year as a result of the volatile financial market.

If the prices of the respective equity instruments had been 5% higher/lower, the post-tax profit for the year ended 31 December 2024 would increase/decrease by RMB10,537,000 (2023: 13,760,000) as a result of the changes in fair value of investments at FVTPL.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and bills receivables, deposits and other receivables, restricted cash and bank balances and deposits. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with bills receivables is mitigated because settlement of bills receivables are backed by bills issued by reputable financial institutions.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Financial risk management objectives and policies (continued)

(a) Market risk (continued)

The Group performed impairment assessment for financial assets and other items under ECL model. The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade and bills receivables	Other items
Low risk	The counterparty has a low risk of default, and for trade and bills receivable, its aging is within 180 days	Lifetime ECL - not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full, and for trade and bills receivables, its aging is over 180 days but less than 1 year	Lifetime ECL - not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit- impaire
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit- impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	Amount is written off

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Financial risk management objectives and policies (continued)

(b) Credit risk and impairment assessment

The table below details the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

	Notes	Internal Credit rating	External credit rating	12m or lifetime ECL	2024 Gross carrying amount	2023 Gross carrying amount
					RMB'000	RMB'000
Financial assets at amortised cost						
Trade and bills receivables (ii)	18	N/A	N/A	Life-time ECL (provision matrix)	1,279,363	1,058,882
		N/A	N/A	Life-time ECL (credit-impaired and provision matrix)	631,816	478,745
		Low risk	N/A	Life-time ECL	691,064	794,205
		Watch list	N/A	Life-time ECL	187,725	118,993
					2,789,968	2,450,825
Other receivables and deposits	19	Low risk	N/A	12m ECL	397,453	535,315
		Watch list	N/A	12m ECL	696,272	680,675
					1,093,725	1,215,990
Restricted cash and bank balances and deposits (i)	21	Low risk	N/A	12m ECL	2,685,268	2,379,675

(i) Restricted cash and bank balances and deposits

The Group expects that there is no significant credit risk associated with restricted cash, deposits and bank balances since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Financial risk management objectives and policies (continued)

(b) Credit risk and impairment assessment (continued)

(ii) Trade and bills receivables

The Group has large number of customers and there was no concentration of credit risk. In order to minimise the credit risk, the Group uses debtors' aging to assess the customers' abilities to settle the debtors in accordance with the contractual terms on a timely basis. Monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

As part of the Group's credit risk management, the Group applies internal credit rating individually for trade and bills receivables due from fellow subsidiaries and subsidiaries of Red Star Macalline. For other party's trade and bills receivables, the Group using provision matrix based on debtors' aging to assess the impairment for its customers because these customers consist of a large number of individual customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk and ECL for trade and bills receivables as at 31 December 2024 and 2023.

	Third parties and other related parties						Fellow subsidiaries and certain related	
Trade and bills receivables	Up to 1 year	1 to 2 year	2 to 3 year	3 to 4 year	4 to 5 year	Over 5 years	parties	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023								
Expected loss rate	5.9%	19.1%	31.3%	45.0%	57.9%	100.0%	6.3%	
Gross carrying amount	1,058,882	232,716	124,480	75,330	33,427	12,792	913,198	2,450,825
Loss allowance provision	62,216	44,355	38,961	33,902	19,357	12,792	57,696	269,279
At 31 December 2024								
Expected loss rate	6.3%	18.5%	30.5%	44.5%	59.3%	100.0%	6.0%	
Gross carrying amount	1,279,363	310,476	147,800	80,824	47,501	45,215	878,789	2,789,968
Loss allowance provision	80,886	57,308	45,047	35,971	28,148	45,215	52,378	344,953

(iii) Deposits for exclusive sales representative agreement

The Group entered into exclusive sales representative agreements about sales of car parks and retail shops with the fellow subsidiaries and third parties. Pursuant to the agreements, certain deposits will be paid by the Group after the effective date of each agreement and will be settled in line with the car parks and retail shops sold out and transferred to third-party customers. For deposits for exclusive sales representative agreements, the management makes periodic individual assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Financial risk management objectives and policies (continued)

(b) Credit risk and impairment assessment (continued)

(iii) Deposits for exclusive sales representative agreement (continued)

	Deposits for exclusive sales representative agreements
	RMB'000
At 31 December, 2023	
Expected loss rate	4.10%
Gross carrying amount	911,334
Loss allowance provision	37,330
At 31 December, 2024	
Expected loss rate	4.24%
Gross carrying amount	756,391
Loss allowance provision	32,052

(iv) Other deposits and other receivables

Other deposits and other receivables mainly included or comprised other receivables from related parties, payments on behalf of property owners, deposits, interest receivables and others. For payments on behalf of property owners, the Group applies internal credit rating based on debtors' aging. For other deposits and other receivables other than payments on behalf of property owners, the management makes periodic individual assessment on the recoverability of these receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Financial risk management objectives and policies (continued)

(b) Credit risk and impairment assessment (continued)

(iv) Other deposits and other receivables (continued)

Other deposits and other receivables	Other parties
	RMB'000
At 31 December, 2023	
Expected loss rate	7.8%
Gross carrying amount	304,656
Loss allowance provision	23,669
At 31 December, 2024	
Expected loss rate	8.1%
Gross carrying amount	337,334
Loss allowance provision	27,423

As at 31 December 2024 and 2023, the loss allowance provision for trade and bills receivables and other receivables and deposits reconciles to the opening loss allowance for that provision as follows:

	Trade and bills receivables	Deposits for exclusive sales representative agreements	Other deposits and other receivables	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	229,909	37,969	16,287	284,165
Provision for loss allowance recognised in profit or loss, net of reversal	39,370	(639)	7,382	46,113
At 31 December 2023 and 1 January 2024	269,279	37,330	23,669	330,278
Provision for loss allowance recognised in profit or loss, net of reversal	75,674	(5,278)	3,754	74,150
At 31 December 2024	344,953	32,052	27,423	404,428

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Financial risk management objectives and policies (continued)

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows.

	Range of Interest rate	Carrying amount	Total contractual undiscounted cash flows	Within one year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2023							
Trade and bills payables	–	1,150,291	1,150,291	1,150,291	–	–	–
Borrowings	2.36% - 9.74%	44,951	46,055	35,954	10,101	–	–
Other payables	Nil - 6.00%	889,375	889,375	889,375	–	–	–
Consideration payables	3.80% - 16.40%	16,269	16,678	7,109	9,569	–	–
Lease liabilities	3.65% - 5.00%	18,796	19,579	11,358	6,138	1,932	151
		2,119,682	2,121,978	2,094,087	25,808	1,932	151
As at 31 December 2024							
Trade and bills payables	–	1,307,537	1,307,537	1,307,537	–	–	–
Borrowings	2.00% - 9.00%	35,548	36,283	35,215	1,068	–	–
Other payables	Nil - 6.00%	827,510	827,510	827,510	–	–	–
Consideration payables	–	15,190	15,190	15,190	–	–	–
Lease liabilities	3.65% - 5.00%	10,270	10,313	7,622	1,548	1,143	–
		2,196,055	2,196,833	2,193,074	2,616	1,143	–

39. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined, as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

In estimating the fair value, the Group uses market-observable data to the extent it is available.

Financial instrument	Fair values as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31 December 2024	31 December 2023		
Equity instruments classified as financial assets at FVTPL - listed equity securities in Hong Kong	RMB3,935,000	RMB4,264,000	Level 1	Quoted bid prices in an active market
Unlisted equity securities funds classified as financial assets at FVTPL	RMB277,046,000	RMB362,663,000	Level 3	Fund net asset valu

There were no transfers between Level 1 and 2 during the year.

Fair value of the Group's financial assets and liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements approximate their fair values.

FINANCIAL SUMMARY

	For the year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	6,841,135	6,537,423	6,276,479	4,702,816	3,119,563
Profit for the year	591,307	529,969	575,892	692,535	442,616
Attributable to:					
Owners of the Company	477,996	434,472	480,111	617,014	390,372
Non-controlling interests	113,311	95,497	95,781	75,521	52,244

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	9,216,653	8,829,243	8,043,127	7,266,492	4,667,167
Total liabilities	3,830,612	3,615,609	3,210,473	2,574,754	1,649,732
Net assets	5,386,041	5,213,634	4,832,654	4,691,738	3,017,435
Equity attributable to owners of the Company	5,001,126	4,873,066	4,595,947	4,443,813	2,893,434
Non-controlling interests in equity	384,915	340,568	236,707	247,925	124,001