Evergrande Property Services Group Limited
恒大物業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6666

2023 Annual Report

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Corporate Information

Board of Directors

Executive Directors

Mr. Duan Shengli *(Chairman)*
Mr. Han Chao
Mr. Hu Xu

Non-executive Directors

Mr. Sang Quan
Mr. Lin Wuchang

Independent Non-executive Directors

Mr. Peng Liaoyuan
Ms. Wen Yanhong
Mr. Dong Xinyi

Audit Committee

Ms. Wen Yanhong *(Chairman)*
Mr. Peng Liaoyuan
Mr. Dong Xinyi

Remuneration Committee

Mr. Dong Xinyi *(Chairman)*
Ms. Wen Yanhong
Mr. Han Chao

Nomination Committee

Mr. Duan Shengli *(Chairman)*
Mr. Peng Liaoyuan
Mr. Dong Xinyi

Authorized Representatives

Mr. Duan Shengli
Mr. Cheng Ching Kit

Joint Company Secretaries

Mr. Hu Xu
Mr. Cheng Ching Kit

Headquarters and Principal Place of Business in the PRC

Third Compartment of Room 3101
No. 78, Huangpu Ave West
Tianhe District
Guangzhou
Guangdong, PRC

Principal Place of Business in Hong Kong

Room 2201, 22/F, YF Life Centre
38 Gloucester Road
Wanchai
Hong Kong

Registered Office

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Auditors

Prism Hong Kong and Shanghai Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal Advisers

Sidley Austin

Principal Banks

Bank of China Limited
Agricultural Bank of China Limited
Industrial and Commercial Bank of China Limited
China Construction Bank Corporation
China Merchants Bank Co. Ltd.
Bank of Communications Co., Ltd.

Stock Code on Main Board of The Stock Exchange of Hong Kong Limited

6666

Company's Website

www.evergrandeservice.com

Awards and Honours

(Partial Extract)

No.4 ranking in 2023 Top 100 Property Management Companies in terms of Comprehensive Strengths in China

2023 Top 100 High-quality Service Property Management Companies in China

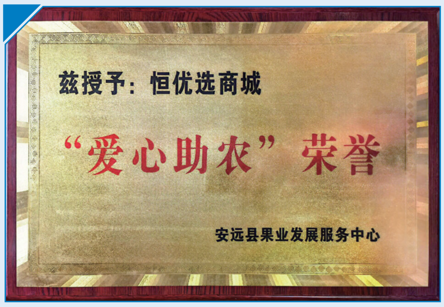
2023 Top 100 Brand Influential Property Management Companies in China

2023 Top 10 Companies in Residential Property Service in China

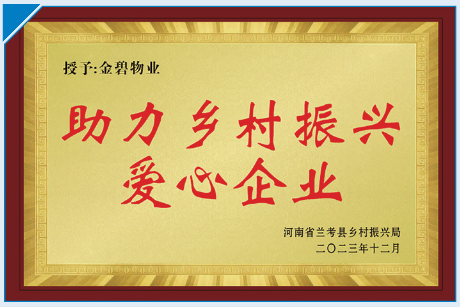
2023 Leading Property Management Companies of China in Value-added Services Operation

2023 Top 30 Property Management Companies in South China

In August 2023, Evergrande Property Services Group Limited ("**Evergrande Property Services**" or the "**Company**", together with its subsidiaries, the "**Group**") was honoured with numerous awards by Beijing Zhongwu Zhihui Information Technology Co., Ltd. (北京中物智匯信息科技股份公司) and China Real Estate Research Institute, including "No.4 ranking in 2023 Top 100 Property Management Companies in terms of Comprehensive Strengths in China", "2023 Top 100 High-quality Service Property Management Companies in China", "2023 Top 100 Brand Influential Property Management Companies in China", "2023 Top 10 Companies in Residential Property Service in China", "2023 Leading Property Management Companies of China in Value-added Services Operation", "2023 Top 30 Property Management Companies in South China".



“Love and Help for Farmers” Honour



Caring Enterprise for Supporting Rural Revitalization

While promoting high-quality development of the Company, Evergrande Property Services has always regarded the fulfilment of social responsibility as an important part of the sustainable development of the enterprise. Carrying out “flood rescue” in the flood, implementing “Love and Help for Farmers” under rural revitalization, organizing “Love Donations” during the Gansu earthquake, etc., we continue to give back to the society in the steady development, and have won many honours:

- Anyuan County Fruit Industry Development Service Centre granted Evergrande Optimization Online Store with the “Love and Help for Farmers” honour
- Anyuan County Fruit Industry Development Service Centre granted Jinbi Property as “Gannan Navel Orange Publicity and Promotion Ambassador in 2023”
- Baise City Bureau of Commerce granted Evergrande Optimization Online Store as “2023 Baise Mango Publicity and Promotion Ambassador”
- Lankao County Rural Revitalization Bureau of Henan Province granted Jinbi Property as “Caring Enterprise for Supporting Rural Revitalization”

On 4 March 2024, Evergrande Property Services was included by Hang Seng Indexes Company Limited in the Hang Seng Composite Index, Hang Seng Composite Industry Index, Hang Seng Composite LargeCap & MidCap Index, Hang Seng Property Service and Management Index and Hang Seng Stock Connect Greater Bay Area Composite Index, among other indices, and on the same day, it was included as an underlying of the Hong Kong Stock Connect.

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of the Company, I am pleased to present the annual results of the Group for the year ended 31 December 2023.

In 2023, with the gradual clearing of risks in the property industry, property enterprises were actively seeking independent development and were at a stage of redevelopment, restarting and scaling new heights. Based on the new stage of development, the Group returned to the nature of property services, further integrated its own strengths, sought truth and pragmatism, built up its strengths and move towards new development. Guided by the principle of "strengthening the fundamentals, improving efficiency, stabilizing growth and seeking breakthroughs (固根本、提效能、穩增長、尋突破)", the Group organically combined the implementation of lean operation with deepening service innovation, drove the upgrading of property management to a high quality and diversified level with value-added services, strengthened customer loyalty, assisted in the construction of a diversified community, and better satisfied the growing needs of property owners for a better life; at the same time, it adhered to market-oriented development to promote the achievement of high-quality and sustainable development of the Company.

With the concerted efforts of all staff, the Group's results in 2023 were solid, with an overall rebound and a solid progress towards high-quality development. As at 31 December 2023, the Group had a total contracted gross floor area ("**GFA**") of approximately 800 million sq.m., and the GFA under management of approximately 532 million sq.m., and the newly signed contracted GFA from third parties of approximately 23.09 million sq.m. during the year. The Group endeavoured to satisfy the diversified and multi-tiered residential living needs of its customers, effectively enhancing the value of its services and contributing to the rebound of the Group's results. For the year ended 31 December 2023, the Group achieved an operating revenue of approximately RMB12,486.5 million, representing a year-on-year growth of approximately 5.7%; among which, community living services performed outstandingly, achieving revenue of approximately RMB809.3 million, representing a year-on-year growth of approximately 29.7%; asset management services advanced steadily, achieving revenue of approximately RMB740.4 million, representing a year-on-year growth of approximately 4.6%. Profit growth was resilient and the Group's profit for 2023 was significantly higher than that for 2022, with gross profit of approximately RMB3,108.4 million, representing a year-on-year growth of approximately 14.3% and gross profit margin of approximately 24.9%, representing a year-on-year increase of approximately 1.9 percentage points; net profit of approximately RMB1,563.8 million, representing a year-on-year growth of approximately 5.8%, and net profit margin of approximately 12.5%, which was basically the same as that of 2022. Profit attributable to owners of the Company was approximately RMB1,541.2 million and basic earnings per share was approximately RMB0.14.

In 2023, while the Group continued to develop vigorously, we always insisted on giving back to the society and endeavoured to achieve a win-win situation for our customers, employees, the community, investors and partners. We had always taken serving our customers as the backbone of our development, building a platform for communication between the community, property owners and property, and making concerted efforts to solve the "urgent, difficult, worrying and hopeful (急難愁盼)" of community residents. In addition, we took the initiative to assume social responsibility and wrote down our commitment with our actions. We actively carried out a number of social welfare activities, such as supporting the military and the family (擁軍優屬), assisting farmers (助農扶農), solving employment problems, rescuing and relief, caring for the elderly, and providing convenient services to the public, etc., which had won us extensive praise from various levels of governments and property owners.

The Group adheres to the principles of consolidation and innovation (固本開新), seeking changes and adapting to changes, and takes quality enhancement as the key point of development, continues to strengthen its internal dynamics, enhances its product capabilities and improves its service quality through continuous improvement and innovation. The Group will continue to maintain strategic certainty, develop innovative thinking, insist on seeking progress amidst stability, and consolidate stability with progress, so as to ensure that the Company will achieve reasonable growth in quantity and effective enhancement in quality, and implement a new model of high-quality and independent development.

Insisting on providing sensational services and building a solid foundation for the Company's stable development. We firmly believe that "service is the foundation of our existence (服務是立身之本)", always uphold the service concept of "to the customer, to the front line (向客戶、向一線)", around the "refine quality, improve efficiency, grasp the implementation, strengthen leadership, shape the brand (精品質、提效能、抓落實、強引領、塑品牌)" goal guide, from the customer satisfaction, in-depth insight into the needs of different customer segments, to capture the key touchpoints of the customer's complete line of action, to formulate a targeted service strategy and operational processes. Meanwhile, we also create service surprises as appropriate to enhance service quality and optimize customer experience. At the same time, the Group will establish a quality assessment system, carry out quality control from the customers' perspective, strengthen the supervision of service quality and key processes, and continue to improve the training and assessment incentive mechanism, so as to gradually create a favourable atmosphere for internal enhancement by means of timely incentives, internal co-operation and territory-wide support, etc., to further ensure that high-quality services will be delivered on the ground. The Group will continue to launch quality enhancement initiatives to make its services more granular, three-dimensional and standardized, and to promote the continuous iteration of property services towards "high quality, accessible and warm (高品質、可觸達、有溫度)", thereby contributing to the dual enhancement of customer satisfaction and brand reputation.

Continuing to build the "Jinbi Home (金碧家)" good living service system and promoting the upgrading of property services. Taking meeting customers' expectations for a better life as our starting point, we will focus on the core tracks of community group-buying, to-home services and home decoration and home furnishing to deepen and intensify our efforts. We will continue to improve the layout of our community business network, extensively pool together internal and external high-quality service resources, and meticulously construct an "online + offline" integrated and convenient consumption environment, and made great efforts to promote business integration and synergistic development, so as to further enhance the breadth and depth of our community coverage. Meanwhile, in order to ensure customer experience, the Group, adhering to the business concept of "quality is the lifeline (品質就是生命線)", has gradually adjusted its business model from co-operative operation to self-operated operation, introduced talents in the industry, fostered professional service teams, and systematically set up mechanisms for quality management, business training, process control, service evaluation, and survival of the fittest (優勝劣汰), so as to enhance the ability of verticalisation of its operation, and to gradually form a distinctive professional brand and to promote its business out of the community to serve the society. The Group will continue to explore more new products and new models that meet customer needs and have development potential, and to build a new ecology of good living services in an orderly manner, so as to provide sustainable momentum for the Company's long-term growth.

Continuing to specialize in asset management services and helping property owners to revitalize their assets quickly by relying on the advantages of community venues. Relying on its natural advantages in property services, the Group has adopted professionalism, dedication, honesty and commitment as its service standards, providing property owners with integrated operational services such as assets consultation, valuation, leasing and sales, custody and agency services around the entire lifecycle of the property owners' assets, so as to help property owners with different needs to safeguard the value of their assets, and to keep the assets operation vibrant. The Group has vigorously developed its rental and sales business and accelerated its self-operated business in accordance with the path of "pilot-driven, typically guided, comprehensively promoted (試點帶動、典型引路、全面推開)". By upgrading its shops, unifying its service standards and building a professional team, the Group has continued to enhance its professional service capability and support the property owners to achieve the optimal integration, preservation and appreciation of their assets through providing professional brokerage services with high-quality and caring.

Further strengthening our market expansion capabilities and achieving scale expansion with high quality. With the "Jinbi" brand as the core, the Group has linked up with its three independent brand companies (Yatai, Futian and Jiebaili), focusing on key cities and stock markets, and carrying out regional deep ploughing, deep ploughing of industries, deep ploughing of customers and deep ploughing of projects, so as to build up benchmark projects in different regions and subsectors, and to enhance the impact of the Company's brand, and to realize the Company's rapid expansion across the entire industry from point to point, and to promote the Company's scale and efficiency to achieve steady growth. The Group has continued to optimize its investment and development team by tilting resources appropriately, adjusting the appraisal mechanism and increasing incentives to fully mobilize the investment and development team's motivation. Through the "City Partner (城市合夥人)" scheme, the Group has deeply integrated the resources of second-tier and third-tier cities, broadened the channels for the reserve of bidding projects, and set up a database of tenders and bidding information, so as to realize highly efficient and precise expansion of projects; and at the same time, it has implemented refined operation of projects to rapidly increase the profits of the projects, thereby enhancing the Company's efficiency and realizing high-quality scale expansion.

Comprehensively implementing the "to the front line (向一線)" culture and working together to help the enterprise grow with resilience. Adhering to the concept of "talent is the first resource", the Group is guided by strategic needs and continues to improve the mechanism for the whole chain of work in cultivating, introducing, using, evaluating and motivating talents, with a view to building a positive, energetic and cohesive team with excellence, so as to enable grassroots employees to participate in the management and make concerted efforts to develop together with the enterprise and better provide quality and efficient services. At the same time, the Group will carry out the three requirements of "getting down to earth, focusing on problems, and strengthening learning (落到實處、聚焦問題、加強學習)", promote management cadres at all levels to continue to go deep into the front line, pay attention to the property owners' hotspots, difficulties, and pains, and through on-the-spot diagnosis and pulse checking, really find out the right problems and put forward the right solutions to improve the level of service by constantly innovating the work ideas in practice. The Group will insist on seeking development power inward and breaking service boundaries outward, using a good talent team as the support for business development to ensure high-quality service output and sustainable operation of the enterprise.

Continuously deepening the leadership of party building and promoting the integration of property management into grassroots governance. The Group will continue to explore the model of "party building + property management" and actively build red venues such as community discussion halls, party members' activity rooms, convenient service stations and party members' vanguard posts, so as to realize the concept of "having a venue for discussion, a place for leisure and a person to take care of the services (議事有陣地、休閒有去處、服務有人管)", and to build a bridge among the property, the community and the residents, so as to promote the in-depth integration of "red property" and grassroots governance, and to jointly build a better home. At the same time, all staff are called upon to learn party history and attend party classes, so that the "red spirit" is internalized in their hearts and externalized in their actions, and that they will always keep the issue of residents' services in their hearts and hands, and really do practical things, solve difficult problems, increase energy efficiency, and continue to enhance the residents' sense of well-being and contentment.

At present, the pressure of the external environment and the risks of related parties still exist, the Group still needs to continuously improve its internal skills, deepen the quality of its services, intensify its market-oriented development, continue to enhance its operational efficiency, control its operational risks and strengthen the effectiveness of its management in order to consolidate the foundation of a stable and upward trend, and to ensure a stable and healthy operation in its path of high-quality development. In the new journey, we will continue to promote high-quality development as the theme, and insist on seeking progress amidst stability and promoting stability through progress, so as to make the pace of development more solid, more powerful and more sustainable.

Duan Shengli
Chairman of the Board

Hong Kong, 27 March 2024

Management Discussion and Analysis

Business Review

Upholding quality and building a strong foundation for property services development

The Group has always adhered to the service concept of "to the customer, to the frontline (向客戶、向一線)", and has been paying constant attention to the quality of its services to continuously enhance customer experience. During the year, the Group sent its management staff to projects for exchanges and training so as to enhance their service awareness and level of service in practice. The Group also summarized and promoted the effective practices and typical experiences of various projects in a timely manner through various forms such as seminars, information presentations and case studies, and selected outstanding service practitioners so as to continuously enhance the power of high-quality service and win the reputation of our customers. At the same time, the Group has deepened the surprise design of its services in high-frequency service scenarios and continuously upgraded the quality of its services by focusing on the sequences of safety, order, maintenance, cleaning, greening and housekeeping, etc. It has also increased and refurbished its community facilities through the "Ever Happiness Community CARE Plan (恒幸福社區CARE 計劃)" to promote the growth of the community against the age of the community, and organized a series of humanistic activities such as the Pleasure & Sports Festival (悦動節), the Young Flowers Festival (花young節), the Filial Affection Festival (孝悌節) and the Warm Winter Festival (暖冬節), etc., to stimulate the vitality of the community, and take various measures and paths to empower property owners to live a better life.

Precise focusing and developing community living services

Taking serving property owners as its fundamental starting point, the Group has gained deep insights into the diversified needs of property owners in the areas of "clothing, food, housing and transportation", and has continuously optimized and perfected the "Jinbi Home (金碧家)" good living service system. Currently, the Group has made in-depth preparations in community group-buying, to-home services, home decoration and home furnishing, and other sub-sectors, and is committed to providing customers with a full chain, comprehensive and diversified community living services.

During the year, the Group constructed more complete specialized capabilities through in-depth integration and collaboration of resources, systematically improved the quality of its services, and continuously strengthened the reputation of its customers, thus achieving an increase in the conversion rate and repurchase rate of its customers. The Group has vigorously developed its community group-buying business, formed a team to select products at source, deepened its festive season marketing model, fully utilized the "Mall + Community + Stores" three-dimensional service network, and formed a "short, flat and fast (短、平、快)" sales method for pop-up products, which has effectively boosted the rapid expansion of the community group-buying business, with revenue for the year increasing by approximately 138.7% as compared with that of 2022. The Group has built the "Jinbi to Home (金碧到家)" living services brand in depth, and through the establishment of a professional housekeeping team and the improvement of the business closed-loop operation system, the Group has realized the incubation of the housekeeping self-operated business from "0 to 1", which has significantly improved the quality of services, and revenue for the year increased by approximately 46.8% as compared with 2022. In addition, the Group has gradually transformed its home decoration and home furnishing business into a self-operated business model. Selecting the sale of electrical appliances as an entry point, the Group has created activities such as the "Evergrande Optimization Home Appliances Festival (恒優選家電節)" and the "Smart Lock Sizzle Day (智能鎖秒殺日)", which have vigorously boosted the sales of home living products.

At the same time, we have been actively exploring diversified development through cross-border co-operation by focusing on the diversified needs of our customers throughout their life cycle and family growth cycle. We have already set up emerging businesses such as community recreation and healthcare and community tourism to further enrich the community livng service matrix and to build a convenient service circle with perfect functions and quality services.

Upgrading service and enhancing satisfaction with asset management services

Leveraging its advantage in on-site property services, the Group has accurately grasped the core needs of its customers in asset management, continued to optimize its asset management business processes and standards, and enhanced the service capabilities of its car parking space leasing, housing rental and sales businesses, in order to provide property owners with one-stop closed-loop services in assets value management that are professional, efficient, transparent and reassuring. During the year, the Group proactively deployed its housing rental and sales business, accelerated the expansion of its self-operated scale, and continuously enhanced the professionalism of its rental and sales team through continuous training in knowledge and skills, in order to provide customers with comprehensive services and protection for the entire process of real estate transactions and to realize rapid revitalization of customers' assets. Through professional and standardized operation, the Group's housing rental and sales business achieved faster growth during the year, with revenue increasing by approximately 97.1% as compared with 2022.

Multi-branding to promote the Company's market-oriented development

The Group has always regarded market expansion as the main growth method to enhance its management scale and efficiency. Based on the diversified brand development strategy of "Jinbi+(金碧+)", the Group has deeply integrated the service advantages of each brand company and actively tapped into the resources of inventory and non-residential sectors to provide stable protection for the Company's scale growth. During the year, the Group achieved remarkable results in market expansion, with a newly signed contracted GFA of approximately 25.5 million sq.m., of which approximately 91% was from third parties. Meanwhile, the Group continued to enhance the quality of its outbound team, deepen its bidding and tendering capacity, and utilize flexible and diversified modes of co-operation to promote the Group's diversified business layout. During the year, the Group expanded a total of 339 external projects with an annual saturation revenue of over RMB700 million, and successfully developed a large number of landmark projects involving a wide range of industries such as public buildings, railways and transportation, hospitals and industrial parks as well as city public services.

Multi-pronged approach to forging a high-quality talent team

The Group has always regarded talents as the cornerstone of its development and insisted on using outstanding talents to lead our corporate development. During the year, we continued to improve our multi-dimensional evaluation and incentive assessment mechanism, and extensively launched wide-ranging appraisal activities for various business lines at the grassroots level and for the Group's backbone, to create a favourable atmosphere of "walking with excellence and advancing with those who strive for excellence (與優秀者同行,與奮鬥者共進)", and to enhance the overall quality of our talent team by setting a good example. At the same time, we always uphold the management concept of " serving the frontline with practical work (躬身實幹,服務一線)", and continue to carry out the exchange and research actions of cadres at all levels to go into the front-line projects, listen to the voices of employees and customers, solve the project problems, share the outstanding service experience, and continue to promote the innovative development of the front-line projects, so as to promote the high-quality development of the Company wholeheartedly.

Future Development and Planning

Insisting on striving for excellence, cultivating a "to the frontline" culture, and focusing on enhancing customer satisfaction

The Group will continue to take customer satisfaction as its core driving force, closely surround the first-line high-frequency service scene, innovate its service approach based on the time and space dimensions, and reward customers' new expectations with more than expected and surprising services, enhance its service capabilities and service synergies by "grasping details, standards, regulations and quality (抓細節、抓標準、抓規範、抓質量)", and promote the level of high-quality services to a new level. On the basis of strengthening the hard power of service, the Group will pay more attention to the construction of humanistic life in the community, launch a series of customer relationship enhancement activities for different customer groups, and strengthen cross-border co-operation with local public welfare and charitable organizations in order to enhance the happiness experience of customers and further consolidate the soft power of service. At the same time, we will give full play to the service advantages of the "Jinbi+" multi-brand, and create nationwide service benchmarking projects in different industries to form replicable and promotable demonstration experiences, so as to lead high-quality development with high standards, continuously enhance the brand image, and help the brand upgrade and renew itself.

Linking up with customers' needs, promoting the quality and expansion of the community living business, and facilitating the development of value-added service brand

The Group will continue to focus on customer experience, deepen its segment management of customer base, and optimize and expand its personalized lifestyle service products according to local needs, in order to further enrich the "Jinbi Home" service product matrix. At the same time, the Group will focus on improving the quality and efficiency of its pre-sales, sales and after-sales services, and will strengthen the competitiveness of its products by focusing on the three major areas of product, sales and merchant management, in order to create more value for its customers. In terms of community group purchasing, we will take advantage of our products as a breakthrough, actively expand our customer base to a larger scale, optimize the supply chain and increase the selection of products in supplemental areas, and ensure strict selection of quality to achieve revenue and profitability; in terms of to-home services, we will implement the "City Cloud Group (城市雲團)" plan in key cities, and through the demonstration of the effects of excellent projects, we will cover the surrounding areas with a point-to-point effect, so as to push forward the effective expansion of our business; and in terms of home decoration and home furnishing, we will use home appliances single bulk products as an entry point and develop self-operated home decoration services such as balcony sealing and wall renovation, in order to provide customers with one-stop solutions for home decoration, furniture and home appliances, with a view to achieving a steady increase in the scale of our business.

Revitalizing stock assets and strengthening full-cycle asset management capabilities to help property owners continue to grow the value of their assets

The Group is committed to being a trusted asset guardian for its customers, with the core objective of helping customers preserve and increase the value of their assets. Focusing on the three core elements of "property, customers and team", we will continue to enhance our asset management service capabilities and provide one-stop full-cycle asset management services to our customers. The Group will continue to focus on the rental and sales business, fully utilizing its service advantages of proximity, familiarity and reliability, and with the objective of "assets enhancement, speedy transaction, safe and worry-free (資產增值、快速成交、安全省心)", the Group will carry out refined management of community properties, and through on-site research and information consolidation, it will build up a detailed spectrum of properties to accurately match customers with their ideal residences. At the same time, we will formulate differentiated development plans based on project characteristics and market demand, and roll out self-operated shops in an orderly manner to enhance the operational efficiency of our projects. In addition, we will rapidly improve the quality of our team and optimize the quality of our rental and sales services through the establishment of a training system and an improved assessment mechanism. We will also strengthen our linkages with other businesses to provide extended housing services, so that our customers can experience convenient, efficient and comprehensive quality services.

Focusing on effective growth and adhering to a market-oriented expansion strategy, we will open up more room for growth in the long term

The Group will continue to focus on the diversified brand development strategy of "Jinbi+", taking into account factors such as development needs, brand positioning, profitability and value-added room, and leveraging on its strengths in professional services, resource integration and regional synergies, the Group will implement the "lane fighting plan (巷戰計劃)" to target at the projects under its management and to expand its peripheral projects, so as to continue to expand its regional density and concentration of services. At the same time, the Group will continue to plough into key cities, improve the "city partner" mechanism, tap into potential customer groups, and continue to make efforts in the third-party market. Leveraging on its high-density coverage of households, the Group is expected to superimpose more community ecosystem services and promote the development and nurturing of value-added services, which will further open up the Company's room for development.

Igniting the talent engine, stimulating the competitiveness and creativity of the team, and injecting long-term momentum for the sustainable development of the enterprise

The Group is determined to promote the strategy of strengthening the enterprise with talents, and to provide strong momentum for the high-quality development of the enterprise by gathering excellent talents, optimizing the allocation of talents and stimulating the potential of talents. The Group will adhere to the talent strategy of combining internal cultivation and external introduction, implement the appropriately advanced employment mechanism and fault-tolerance mechanism, and continue to improve the selection and nurturing system that emphasizes both incentives and constraints, so as to realize the benign cycle of those who are capable, rewarded by those who are excellent, and those who are mediocre are let go, and those who are inferior are eliminated; at the same time, the Group will give full play to its exemplary effect by way of post training and skill competitions, so as to create a favourable atmosphere of more commitment, more contribution, and more performance, and to stimulate the vitality of the talent team in all aspects. In addition, the Group will further construct a well-defined and closely-connected training system to ensure the continuity and relevance of talent cultivation, so as to create a new force that will be passed on, and to provide solid talent protection for the sustainable development of the enterprise.

Financial Review

Profit for the year

During the year, the net profit of the Group was approximately RMB1,563.8 million, representing an increase of approximately 5.8% as compared with approximately RMB1,478.6 million in 2022, and the net profit margin was approximately 12.5%, which was basically the same as compared with 2022. This was mainly attributable to (i) the steady increase in the Company's overall revenue as a result of the efforts of the Board of Directors and the management of the Company to adjust its business development strategy in a timely manner and focus on the "Property Services + Living Services" model to provide value-added services such as high-quality community living services, asset management services and community operation services to a wide range of property owners and tenants; (ii) the effective reduction of operating costs through the implementation of measures such as stringent budgeting, flexible employment of labour, centralized procurement and information technology construction; and (iii) the management of the Company, in order to ensure the healthy operation and sustainable development of the Company, has effectively reduced the management expenses by strictly controlling the establishment and remuneration of the management staff in phases, continuously reduced administrative and office expenses, etc., so as to keep the management expense ratio at a relatively low level.

During the year, profit attributable to owners of the Company was approximately RMB1,541.2 million, representing an increase of approximately 8.3% as compared with approximately RMB1,422.7 million in 2022.

Revenue

The Group's revenue is mainly derived from four business segments: (i) property management services; (ii) community living services; (iii) asset management services; and (iv) community operation services. For the year ended 31 December 2023, the Group's total revenue was approximately RMB12,486.5 million, representing a year-on-year increase of approximately 5.7%.

The following table sets out a breakdown of revenue by business segment of the Group for the periods indicated:

	For the year ended 31 December 2023		For the year ended 31 December 2022		
	Revenue (RMB'000)	Percentage of total revenue (%)	Revenue (RMB'000)	Percentage of total revenue (%)	Growth rate (%)
Property management services	**10,318,518**	**82.6**	9,528,653	80.7	8.3
– Basic property management services	**10,227,388**	**81.9**	9,440,560	80.0	8.3
– Value-added services to non-property owners	**91,130**	**0.7**	88,093	0.7	3.4
Community living services	**809,252**	**6.5**	624,159	5.3	29.7
Asset management services	**740,369**	**5.9**	707,779	6.0	4.6
Community operation services	**618,405**	**5.0**	948,585	8.0	-34.8
Total	**12,486,544**	**100.0**	11,809,176	100.0	5.7

(i) Property management services

During the year, revenue from property management services amounted to approximately RMB10,318.5 million, representing a year-on-year increase of approximately 8.3%. Among them:

1. Revenue from basic property management services amounted to approximately RMB10,227.4 million, representing a year-on-year increase of approximately 8.3%, which was mainly attributable to the increase in the Group's GFA under management.

As of 31 December 2023, the Group had a total GFA under management of approximately 532 million sq.m., representing an increase of approximately 32 million sq.m. as compared with the total GFA under management of approximately 500 million sq.m. in 2022.

The following table sets out the changes in revenue from basic property management services by business segment of the Group for the periods indicated:

	As of 31 December 2023		As of 31 December 2022		
Project Sources	Revenue (RMB'000)	Percentage of total revenue (%)	Revenue (RMB'000)	Percentage of total revenue (%)	Growth rate (%)
Residential/commercial, etc.	**8,494,959**	**83.1**	7,824,452	82.9	8.6
Public construction projects	**1,559,236**	**15.2**	1,475,017	15.6	5.7
City public services	**173,193**	**1.7**	141,091	1.5	22.8
Total	**10,227,388**	**100.0**	9,440,560	100.0	8.3

2. During the year, revenue from value-added services to non-property owners was approximately RMB91.1 million.

In 2023, due to the liquidity crisis of related parties and based on the principle of robustness, the Group's revenue from property management services during the year excluded revenue from basic property management services such as management of vacant properties relating to related parties of approximately RMB420.8 million [Note]. Without such exclusion, the revenue from property management services would have been approximately RMB10,739.3 million.

Note: For details, please refer to "Transactions with related parties" in Note 36(a) to the consolidated financial statements.

(ii) Community living services

During the year, revenue from community living services amounted to approximately RMB809.3 million, representing a year-on-year increase of approximately 29.7%, which was mainly attributable to (i) the Group's deep exploration of property owners' high-frequency and immediate needs, focusing on community group purchasing services, focusing on the core categories, adhering to the business concept of "selection at source, service at home, and after-sale service without any worries (源頭甄選、服務到家、售後無憂)", establishing professional product selection and marketing teams, introducing property owners' daily high-frequency consumer goods in accordance with local conditions, and maintaining the operational activities of the local community, and creating local characteristic group purchasing products and pop-up products, thereby expanding its revenue from operations; and (ii) focusing on self-operated housekeeping services to win the trust of property owners by strictly controlling the quality of services, gradually cultivating the consumer habit of "if you want housekeeping, look for the property services (要家政,找物業)" among property owners, and earning a good reputation among customers, so as to achieve a "Going in both directions (雙向奔赴)" with property owners while significantly increasing operating revenue.

(iii) Asset management services

During the year, revenue from asset management services amounted to approximately RMB740.4 million, representing a year-on-year increase of approximately 4.6%, which was mainly attributable to (i) the Group's proactive efforts in expanding the scale of rental and sale of self-operated businesses, and the significant increase in revenue from the business as a result of the enhancement of business expertise and customer satisfaction through the building of a professional team, strengthening of business publicity, and the optimization of incentives schemes, etc; and (ii) changes in the mode of the car parking space leasing business as a result of the disposal of assets of the related parties, resulting in a slower growth in revenue as compared with 2022.

(iv) Community Operation Services

During the year, revenue from community operation services amounted to approximately RMB618.4 million, representing a year-on-year decrease of approximately 34.8%, which was mainly attributable to the impact of the less-than-expected general market environment and the decrease in the merchants' willingness to place advertisement spots and the demand for venue rental, which resulted in a decrease in the Group's revenue from the relevant business.

The following table sets out a breakdown of by the Group's revenue sources for the periods indicated:

Revenue sources	For the year ended 31 December 2023		For the year ended 31 December 2022	
	Revenue (RMB'000)	Percentage of total revenue (%)	Revenue (RMB'000)	Percentage of total revenue (%)
Related parties	**113,712**	**0.9**	140,523	1.2
Third parties	**12,372,832**	**99.1**	11,668,653	98.8
Total	**12,486,544**	**100.0**	11,809,176	100.0

Cost of sales

The Group's cost of sales include staff costs, greening and cleaning costs, facilities and equipment repair and maintenance costs, energy costs, taxes and other levies.

During the year, the Group's cost of sales increased by approximately 3.2% from approximately RMB9,090.1 million in 2022 to approximately RMB9,378.1 million in 2023, which was mainly attributable to (i) the continuous expansion of the Group's chargable GFA under management and the diversification of the Group's business, which resulted in the increase in the corresponding costs of various categories; and (ii) the increase in the corresponding procurement costs due to the Group's strong efforts in the development of the community living services.

Gross profit and gross profit margin

The following table sets out the breakdown of gross profit and gross profit margin by the Group's business segments for the periods indicated:

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)
Property management services	**2,199,937**	**21.3**	1,811,737	19.0
– Basic property management services	**2,190,394**	**21.4**	1,803,140	19.1
– Value-added services to non-property owners	**9,543**	**10.5**	8,597	9.8
Community living services	**201,585**	**24.9**	136,031	21.8
Asset management services	**419,289**	**56.6**	341,418	48.2
Community operation services	**287,637**	**46.5**	429,897	45.3
Total	**3,108,448**	**24.9**	2,719,083	23.0

During the year, the Group's overall gross profit was approximately RMB3,108.4 million, with a gross profit margin of approximately 24.9%, representing a year-on-year increase of approximately 1.9 percentage points.

1. In respect of property management services, the gross profit margin increased by approximately 2.3 percentage points from approximately 19.0% in 2022 to approximately 21.3% in 2023. Among them, the gross profit margin of basic property management services increased by approximately 2.3 percentage points from approximately 19.1% in 2022 to approximately 21.4% in 2023, which was mainly attributable to the Group's focus on quality scale expansion and proactive exit from projects with poor operating efficiency, as well as the enhancement of cost control and improvement of operating efficiency.

2. In respect of community living services, gross profit margin increased by approximately 3.1 percentage points from approximately 21.8% in 2022 to approximately 24.9% in 2023, which was mainly attributable to (i) the Group's continuous optimization of its profitability model, (ii) effective reduction of operating costs through the utilisation of information technology; and (iii) effective reduction of marketing and promotional costs in line with the enhancement of the reputation of the business and the professionalism of the team.

3. In respect of asset management services, gross profit margin increased by approximately 8.4 percentage points from approximately 48.2% in 2022 to approximately 56.6% in 2023, which was mainly attributable to: (i) the expansion of the self-operated scale of the rental and sales of housing business, the establishment of a professional team and the enhancement of per capita efficiency, which led to an increase in gross profit margin; and (ii) the optimization of the operation mode of the community cultural and entertainment complex building, and the expansion of the leasing scale, which effectively lowered the operating costs while increasing the rental income.

4. In respect of community operation services, gross profit margin increased by approximately 1.2 percentage points from approximately 45.3% in 2022 to approximately 46.5% in 2023. The business operation tends to be stable and the gross profit is basically flat.

Administrative and marketing expenses

During the year, the administrative and marketing expenses of the Group increased by approximately 17.0% from approximately RMB777.4 million in 2022 to approximately RMB909.4 million in 2023. The main reason was that three subsidiaries of the Group recognized bad debt losses in respect of the enforced pledged deposits of RMB13.4 billion in 2021-2023 with partial pre-tax deduction. The Group received a notice from the tax authority on 26 January 2024, which considered that the Group failed to provide sufficient supporting materials in respect of the bad debt losses, and there was a risk of underpayment of enterprise income tax and as a result, the Company incurred the relevant late payment of approximately RMB111.9 million, which was included in the administrative and marketing expenses for the current period. For details of the matter, please refer to the Company's voluntary announcement dated 26 January 2024.

Other income

During the year, other income was approximately RMB206.7 million, representing an increase of approximately 31.8% as compared with approximately RMB156.8 million in 2022. This was mainly due to: (i) the consideration payment for the non-completion of performance guarantee of some of the acquired subsidiaries, which should have been deducted in accordance with the terms of the relevant equity transfer agreement, was recognized as other income in the current year; (ii) the increase in interest income due to the higher average balance of the Group's bank deposits as compared with the corresponding period of 2022; and (iii) the decrease in subsidies from the value-added tax and other tax incentives compared with 2022.

Other losses

For the year ended 31 December 2023, the Group's net other losses were approximately RMB151.3 million, as compared with net other losses of approximately RMB3.8 million for 2022. The increase in net other losses was mainly due to the increase in impairment of goodwill and intangible assets of approximately RMB145.2 million during the year.

Fair value gains on financial assets at fair value through profit or loss

During the year, investment income from financial assets at fair value through profit or loss amounted to approximately RMB48.5 million, representing an increase of approximately RMB41.4 million as compared with approximately RMB7.1 million in 2022. This was mainly due to the supplemental agreement on equity transfer entered into between the Group and the acquired subsidiary, the Group reversed approximately RMB48.5 million of trading financial liabilities estimated in prior periods during this period.

Income tax expenses

During the year, the Group's income tax expense amounted to approximately RMB541.6 million, representing an increase of approximately 18.2% as compared with approximately RMB458.4 million in 2022, which was mainly due to the steady growth in operating profit achieved during the year as compared with 2022.

Right-of-use assets

The Group's right-of-use assets mainly comprise assets such as office premises, staff quarters and operating lease assets leased by the Group. As at 31 December 2023, the Group's leased assets amounted to approximately RMB28.5 million, representing a decrease of approximately RMB40.8 million as compared of approximately RMB69.3 million as at 31 December 2022, which was mainly attributable to the decrease in the remaining lease term of the operating leased assets.

Intangible assets

The Group's intangible assets include property contracts, customer relationships, software and goodwill.

As at 31 December 2023, the intangible assets of the Group amounted to approximately RMB1,646.6 million, representing a decrease of approximately RMB340.4 million as compared with approximately RMB1,987.0 million as at 31 December 2022, which was mainly attributable to the impairment and amortization of goodwill, customer relationships and property management contracts recognized by the acquired subsidiary incurred during the year of approximately RMB341.1 million.

Trade and other receivables

As at 31 December 2023, the Group's trade receivables amounted to approximately RMB3,046.6 million, representing an increase of approximately RMB307.6 million as compared with approximately RMB2,739.0 million as at 31 December 2022, which was mainly attributable to the increase in trade receivables arising from the growth in the Group's total revenues and the new business expansion during the year.

The Group's other receivables increased by approximately RMB1.7 million from approximately RMB460.3 million as at 31 December 2022 to approximately RMB462.0 million as at 31 December 2023.

Trade and other payables

Trade and other payables comprise trade payables and other payables, of which other payables include temporary collections in lieu, deposits payable, consideration payable for mergers and acquisitions, wages and benefits payable, dividends payable, tax payable and projected liabilities.

As at 31 December 2023, the Group's trade payables amounted to approximately RMB1,415.4 million, representing a decrease of approximately RMB498.0 million (approximately 26.0%) as compared with approximately RMB1,913.4 million as at 31 December 2022, which was mainly attributable to the Group's increased efforts in clearing the stock of liabilities.

Other payables decreased by approximately RMB311.7 million (approximately 10.3%) from approximately RMB3,011.9 million as at 31 December 2022 to approximately RMB2,700.2 million as at 31 December 2023 (of which long-term payables were approximately RMB177.9 million and current payables were approximately RMB2,522.3 million), which was mainly due to the payment of consideration payable by the Group for acquisition transactions in previous years.

Contract liabilities

Contract liabilities mainly arose from prepayments made by customers for related services such as basic property management services and community value-added type of services that have not yet been provided. As at 31 December 2023, the Group's contractual liabilities amounted to approximately RMB2,649.4 million, which was basically unchanged from 2022.

Current tax liability

As at 31 December 2023, the Group had a current tax liability of approximately RMB1,187.5 million, representing an increase of approximately RMB909.4 million as compared with approximately RMB278.1 million as at 31 December 2022. This was mainly due to (i) three subsidiaries of the Group recognized bad debt losses in respect of the enforced pledged deposits of RMB13.4 billion in 2021-2023 with partial pre-tax deduction. The Group received a notice from the tax authority on 26 January 2024, which considered that the Group failed to provide sufficient supporting materials in respect of the bad debt losses. The Group was required to make corrective tax returns for 2021 and 2022, which involved the back payment of corporate income tax of approximately RMB650 million in aggregate; and (ii) corresponding income tax liabilities arising from the increase in operating profit for the period.

Liquidity and financial resources

As at 31 December 2023, the Group's total bank deposits and cash (including the Group's cash and cash equivalents and restricted cash) amounted to approximately RMB2,006.5 million, representing an increase of approximately RMB350.5 million as compared with approximately RMB1,656.0 million as at 31 December 2022, which was mainly due to the increase in the net cash inflow generated from operating activities of the Group during the year.

Of the Group's total bank deposits and cash, restricted bank deposits of approximately RMB125.7 million mainly represented the industry regulatory funds of Evergrande Insurance Agency Co., Ltd., deposits for the provision of property management services as required by local government authorities, cash restricted to projects managed on a remuneration basis only and funds for litigation preservation of some subsidiaries.

As at 31 December 2023, the Group had net current liabilities of approximately RMB1,907.3 million (31 December 2022: net current liabilities of approximately RMB3,321.4 million). The Group's current ratio (current assets/current liabilities) was approximately 0.8 times.

During the year, the Group repaid short-term borrowings of approximately RMB183.0 million and long-term borrowings of approximately RMB66.7 million as of 31 December 2022, representing a decrease in borrowings of approximately RMB249.7 million as compared with the beginning of the year.

As of 31 December 2023, the Group did not have any borrowing. Accordingly, the gearing ratio as at 31 December 2023 (calculated as total borrowings less lease liabilities divided by total equity at the dates indicated) was nil (31 December 2022: not applicable).

Major Risks and Uncertainties

The major risks and uncertainties faced by the Group are set forth below. Such factors are not exhaustive and therefore other risks and uncertainties may also exist.

Industry risks

The operation of the Group may be affected by the regulatory landscape of the industry and related measures. The main reason is that the fees charged by property management companies for management services are strictly monitored and supervised by relevant regulatory authorities. The business performance of the Group depends on the contracted GFA, the chargeable GFA under management and the number of projects under management, but the business growth are affected and will likely continue to be affected by the People's Republic of China (the "**PRC**") government's regulations on the industry where the Group belongs.

Business risks

Whether the Group can maintain or improve its current level of profitability depends on whether it can maintain or improve its current scale and effectively control its operating costs. The Group's profit margins and results of operations may be materially and adversely affected by increases in labour costs or other operating costs. The Group cannot guarantee that it will be able to secure new property service contracts according to its plan or pursuant to appropriate schedule and price. The Group may not be able to recover related income including property management fees from customers, resulting in possible impairment losses in receivables. As a result of the liquidation of the controlling shareholder and the progress of the disposal of its assets, the Group may face the termination of some of the pre-contracted property management service contracts and may not be able to convert the contracted GFA in a timely and effective manner; the delay in delivery by the related parties may also affect the increase in the Group's collection rate; the change in profitability model of some of the related party-related businesses may result in a decline in the level of profitability of the related businesses; and the liquidation of the controlling shareholder may result in a change of shareholding of the Company, which may affect the stability of the operating team. The above factors may have a material adverse impact on the Group's business, financial conditions and results of operations.

Foreign exchange risks

The business of the Group is mainly located in China. Save for bank deposits denominated in foreign currencies, there is no major direct exchange rate fluctuation risk faced by the Group. During the year, the Directors expected that the RMB exchange rate would not have a material adverse effect on the operations of the Group. Currently, the Group has not entered into contracts to hedge its exposure to foreign exchange risk, but the management will continue to monitor foreign exchange risks and adopt prudent measures to reduce potential exchange risks.

Risk of continuing as a going concern

The Group has incurred significant losses (the "**Losses**") as a result of the pledged deposits of RMB13.4 billion (the "**Deposit Pledge**") being enforced by the relevant banks. The Group's ability to continue as a going concern is dependent on having sufficient working capital to meet its financial obligations as they fall due within the next twelve months. As stated in Note 2 to the Group's consolidated financial statements, the Group has taken certain measures to address the uncertainty in continuing as a going concern, including strict control over the management's establishment and remuneration, streamlining the Group's operating costs, negotiating with suppliers and acquired companies on the extension of payment agreements, and enhancing internal controls to ensure the continued sound operation of the Company. The above measures have effectively alleviated the pressure on the Group's operating cash liquidity. In addition to the above, the Group has filed proceedings against China Evergrande Group and the relevant responsible parties for the recovery of the Losses to the Guangzhou Intermediate People's Court of Guangdong Province in the PRC and the proceedings were accepted by the court, however, due to the liquidity crisis of the related parties, the recovery of the Losses by the Group is still subject to significant uncertainties and the Company will keep the market informed of any progress in a timely manner by way of further announcement(s).

Pledge of Assets

As at 31 December 2023, the Group pledged 80% of the equity interest of its subsidiary, Ningbo Yatai Hotel Property Services Co., Ltd., as the security of a bank loan. The Group repaid the bank loan owed in December 2023 and the risk was practically discharged, but the release of the pledge had not been completed on or before 31 December 2023.

As of the date of this report, the Group has completed the release of the aforesaid pledge.

Contingent Liabilities

As at 31 December 2023, the Group had contingent liabilities of performance guarantee reward and profit sharing of both parties during the guarantee period agreed in the equity transfer agreement.

Employee and Remuneration Policy

As of 31 December 2023, the Group had 91,482 employees. During the year, the total staff costs were approximately RMB5,627.7 million.

The employees were remunerated in accordance with the Group's remuneration and welfare policies with reference to the positions of employees, performance, profitability of the Company, industry level and market environment.

The Group has to participate in social insurance contribution plans or other retirement plans organized by local governments, and make contributions to social insurance funds monthly on behalf of employees for the payment of pension funds, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident funds, or make contributions to mandatory provident fund for employees regularly.

Staff Training and Development

Based on the three-level training mechanism of "headquarters-region-project", the Group is committed to implementing a 3-year campus recruitment programme for management trainees, trainings for new employees and key talent trainings. The Group organizes and conducts trainings on various professional skills, general aptitude, management ability and corporate culture in accordance with our business development needs and employee career planning, in order to improve the comprehensive quality and work capabilities of employees.

During the year, all staff participated in training, with a total of 1.375 million hours of training and an average of 15.0 hours of training per person.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the year ended 31 December 2023, the Group did not have any significant investment, material acquisition or disposal of subsidiaries, associates or joint ventures.

Directors and Senior Management

Executive Directors

Mr. Duan Shengli (段勝利), aged 41, was appointed as an executive Director on 22 July 2022. He is also the chairman of the Board and the chairman of the nomination committee of the Company (the "**Nomination Committee**"). He is primarily responsible for providing guidance and formulating the overall strategies for the overall development of the Group.

Mr. Duan has over 18 years of experience in the development, operation and management of real estate projects. Mr. Duan joined China Evergrande Group in July 2005 and has served in various positions, including the chairman of the Beijing company of Evergrande Real Estate Group, chairman of the Henan company of Evergrande Real Estate Group, chairman of Fairyland Creative Design Group. Mr. Duan is currently a president of the Group.

Mr. Duan obtained his bachelor's degree from Tsinghua University in July 2005.

Mr. Han Chao (韓超), aged 35, was appointed as an executive Director on 21 June 2023. He is also a member of the remuneration committee of the Company (the "**Remuneration Committee**").

Mr. Han joined the Group in January 2015 and has served as assistant general manager of the project of Jinbi Property Guangzhou branch, deputy director of the quality management department, assistant general manager of the property management center, assistant general manager of the Group and deputy general manager of the Group. Mr. Han is currently the general manager of the Group.

Mr. Han obtained a bachelor's degree from Fudan University in July 2011.

Mr. Hu Xu (胡旭), aged 36, was appointed as an executive Director on 21 June 2023.

Mr. Hu joined the Group in August 2010 and had served in various positions, including general manager of the legal and contract center of the headquarters of the Group, and assistant general manager of the Group. Mr. Hu is currently the deputy general manager of the Group, director of the Board Office and joint company secretary of the Company.

Mr. Hu obtained a bachelor's degree from Huangshan University in July 2009.

Non-Executive Directors

Mr. Sang Quan (桑權), aged 34, was appointed as a non-executive Director on 21 June 2023.

Mr. Sang joined Evergrande Real Estate Group in July 2013 and had served in various positions, including project management engineer at the management and supervision center of Evergrande Real Estate Group, secretary to the executive vice president of human resources and administration center of Evergrande Real Estate Group, general manager of the Guangzhou Panyu project of the Pearl River Delta company of Evergrande Real Estate Group, and executive deputy general manager of the Guangdong company of Evergrande Automobile Industry Park Group. Mr. Sang is currently a deputy general manager of the Guangdong company of Evergrande Real Estate Group.

Mr. Sang obtained a bachelor's degree from Huazhong University of Science and Technology in July 2013.

Mr. Lin Wuchang (林五昌), aged 48, was appointed as a non-executive Director on 21 June 2023.

Mr. Lin joined Evergrande Real Estate Group in January 2010 and had served in various positions, including manager of engineering department of the Guangdong company of Evergrande Real Estate Group, deputy manager and manager of various project engineering departments, engineering director of the urban renewal company, and deputy general manager of the Jiangmen project of the Shenzhen company of Evergrande Real Estate Group. Mr. Lin is currently the engineering director of urban renewal company of the Shenzhen company of Evergrande Real Estate Group.

Mr. Lin obtained a bachelor's degree from Chang'an University in July 2000.

Independent Non-Executive Directors

Mr. Peng Liaoyuan (彭燎原), aged 55, was appointed as an independent non-executive Director on 9 February 2022. He is also a member of each of the audit committee (the "**Audit Committee**") and Nomination Committee of the Company. Mr. Peng is responsible for providing independent advice on the operation and management of the Board.

Mr. Peng is a practicing lawyer in the PRC. Mr. Peng has over 30 years of experience in legal matters and is currently a senior partner of Guangdong Lianyue Law Firm (廣東連越律師事務所). Mr. Peng is also currently appointed as an external director of Guangdong Rising Holding Group Co., Ltd. (廣東省廣晟控股集團有限公司), Guangzhou Pearl River Enterprises Group Ltd. (廣州珠江實業集團有限公司) and Guangzhou Light Industry and Trade Group Co., Ltd. (廣州輕工工貿集團有限公司). Mr. Peng was previously an external director of Guangdong Environmental Protection Group Co., Ltd. (廣東省環保集團有限公司), an independent director of Daye Trust Co., Ltd. (大業信託有限責任公司), an independent director of Shenzhen Prolto Supply Chain Management Co., Ltd. (深圳市普路通供應鏈管理股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 002769)) and an independent director of Wanlian Securities Co., Ltd. (萬聯證券股份有限公司).

Mr. Peng obtained his bachelor's degree in the School of Political Science and Law of South China Normal University in 1992.

Ms. Wen Yanhong (文艷紅), aged 55, was appointed as an independent non-executive Director on 19 November 2021. She is also the chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Ms. Wen is responsible for providing independent advice on the operation and management of the Board.

Ms. Wen is a certified public accountant in the PRC with over 20 years of experience in accounting and auditing. Ms. Wen was involved in the audit work of many initial public offering cases in the PRC. Ms. Wen successively served as a partner at Guangzhou Erxiang Accounting Firm (廣州而翔會計師事務所) and Tianjian Accounting Firm Guangdong Branch (天健會計師事務所廣東分所) from November 2012 to July 2020 and was also a partner of Da Hua CPA (大華會計師事務所) (Special General Partnership). Ms. Wen is also a certified tax accountant in the PRC. She has been the legal representative and the chief taxation officer of Guangzhou Hangyun Tax Advisers Co., Ltd (廣州衡運稅務師事務所有限公司) since February 2017 and has also been a finance expert in Guangdong Equity Exchange Center Co., Ltd. (廣東股權交易中心股份有限公司) since June 2021. Ms. Wen has also been a partner of Beijing Da Hua CPA (北京大華會計師事務所) (Special General Partnership) since September 2023.

Ms. Wen graduated from the Guilin Institute of Electronic Technology (桂林電子工業學院) in industrial finance in July 1990 and the CEO class of Zhongshan University Talent College (中山大學行知優才學院) in August 2015.

Mr. Dong Xinyi (董心怡), aged 53, was appointed as an independent non-executive Director on 27 September 2023. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee of the Company. Mr. Dong is responsible for providing independent advice on the operation and management of the Board.

Mr. Dong is an economist with over 30 years of experience in investment banking, financial management and asset management. From September 1990 to November 1999, Mr. Dong worked at the Guangdong branch of Bank of China, holding various positions including deputy section chief of the risk management department. From December 1999 to December 2011, Mr. Dong worked at the Guangdong branch of China Orient Asset Management Co., Ltd., where he held different positions including senior manager of the market development department and risk management department. From January 2012 to February 2019, Mr. Dong worked at Dong Yin Development (Holdings) Limited (a wholly-owned subsidiary of China Orient Asset Management Co., Ltd. in Hong Kong), where he served as deputy managing director. Mr. Dong served as a visiting professor at the School of Economics and Statistics at Guangzhou University and has been a visiting professor at the School of Applied Economics at Guangdong Baiyun University since October 2020. Currently, Mr. Dong is an external director of Guangdong Provincial Port & Shipping Group Co., Ltd. and Guangdong Yuehai Capital Group Co., Ltd..

Mr. Dong obtained a master's degree in software engineering from Huazhong University of Science and Technology in July 2010.

Senior Management

Mr. Fang Shun (方舜), aged 36, joined the Group in November 2015 and has been the deputy general manager of the Group since March 2020. He is primarily responsible for the community value-added business.

Mr. Fang joined Evergrande Group in July 2011 and had served as the procurement chief of Guangzhou Evergrande Material and Equipment Co., Ltd. (廣州恒大材料設備有限公司), a quality supervision manager of planning and supervision center of Evergrande Yuanlin, and deputy general manager of property management centre.

Mr. Fang obtained a bachelor's degree in polymer materials and engineering from Sun Yat-sen University (中山大學) in June 2011.

Joint Company Secretaries

Biographical details of Mr. Hu Xu are set out on page 29.

Mr. Cheng Ching Kit (鄭程傑), aged 36, was appointed as the joint company secretary of the Company on 22 March 2024.

Mr. Cheng is an assistance vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional corporate services provider, and has over 11 years of experience in the corporate secretarial service field. He is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. In addition, he holds a Bachelor of Commerce degree in Finance from the University of Queensland in Australia and a Master of Laws degree in Chinese Law from The University of Hong Kong.

Corporate Governance Report

The Company recognises the value and importance of achieving high corporate governance standards consistently to the enhancement on corporate performance and accountability. The Board is committed to abide by the principles of good corporate governance to meet legal and commercial standards and requirements, focusing on areas such as internal control, risk management, fair disclosure and accountability to the shareholders of the Company.

The Directors are of the view that the Company has been conducting its business according to the principles of the Corporate Governance Code (the "**Corporate Governance Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), and has complied with all the code provisions of the Corporate Governance Code during the year ended 31 December 2023.

Composition of the Board

During the year ended 31 December 2023 and up to the date of this annual report, the Board comprises the following members:

Executive Directors

Mr. Duan Shengli *(Chairman)*
Mr. Han Chao *(General Manager, appointed on 21 June 2023)*
Mr. Hu Xu *(appointed on 21 June 2023)*
Mr. Hu Liang *(resigned on 21 June 2023)*
Mr. Lv Peimei *(resigned on 21 June 2023)*
Mr. Wang Zhen *(resigned on 21 June 2023)*
Ms. Yu Fen *(resigned on 21 June 2023)*

Non-executive Directors

Mr. Sang Quan *(appointed on 21 June 2023)*
Mr. Lin Wuchang *(appointed on 21 June 2023)*

Independent non-executive Directors

Mr. Peng Liaoyuan
Ms.Wen Yanhong
Mr. Dong Xinyi *(appointed on 27 September 2023)*
Mr. Guo Zhaohui *(resigned on 27 September 2023)*

Biographical details of the current members of the Board are set out on pages 29 to 32 of this annual report. Save for being members of the Board, there is no relationship (including financial, business, family or other material relationship) between members of the Board.

Mr. Han Chao, Mr. Hu Xu, Mr. Sang Quan and Mr. Lin Wuchang were appointed as directors of the Company on 21 June 2023, they have obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 21 June 2023, and they have confirmed that they understand their responsibilities as directors of the listed issuer. Mr. Dong Xinyi was appointed as a director of the Company on 27 September 2023, he has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 27 September 2023 and he has confirmed that he understands his responsibilities as a director of the listed issuer.

For the year ended 31 December 2023, the Company had arranged for appropriate insurance cover for directors' and officers' liabilities in respect of any legal actions against them arising out of the Company's corporate activities.

Roles and Duties of the Board and Management

The Board is in charge of formulating strategic business development, reviewing and monitoring the business performance of the Group, approving major funds allocation and investment proposals as well as preparing and approving the financial statements of the Group. The Board also gives clear instructions on the authority delegated to the management in relation to the administration and management of the Group.

Chairman and Chief Executive Officer

According to code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer of a listed company should be segregated and should not be performed by the same individual. The Company has separated the roles of chairman and chief executive officer in accordance with code provision C.2.1 of the Corporate Governance Code. Currently, Mr. Duan Shengli is the chairman of the Board, primarily responsible for providing guidance and formulation of the overall strategies for the overall development of the Group, while Mr. Han Chao is the general manager of the Company, primarily responsible for the daily operations, formulation of the business strategy, business planning and operational decisions of the Group.

Independent Non-Executive Directors

During the year ended 31 December 2023, the Board has at all times met the requirements of Rules 3.10 and 3.10A of the Listing Rules relating to the appointment of (i) at least three independent non-executive Directors, (ii) independent non-executive directors representing one-third of the Board, and (iii) at least one independent non-executive Director possesses appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence. The Board is satisfied with the independence of the independent non-executive Directors with reference to the factors set out in Rule 3.13 of the Listing Rules.

The Board has also put in place mechanisms to ensure that independent views and opinions are available to the Board. Directors may seek independent professional advice, at the Company's expense, where appropriate, upon reasonable request. The Board and individual Directors should have their own access to the senior management of the Company to access information and make enquiries about the Company. The Board will review the implementation and effectiveness of the above mechanism annually to ensure that the Board has access to adequate and independent views and opinions from time to time.

Appointment and Re-election of Directors

Each of the executive and non-executive Directors has entered into a service agreement with the Company for a term of three years, which may be terminated by not less than three months' notice in writing served by one party on the other. Each of 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 one party on the other. Such appointments are subject to the provisions for retirement by rotation of Directors under the Articles of Association of the Company (the "**Articles**"). Pursuant to the Articles, at each annual general meeting of the Company (the "**AGM**"), one-third of the Directors (or, if their number is not a multiple of three, then the number nearest to, but not less than, one-third) for the time being in office shall retire from office by rotation and every Director (including those appointed for a specific term) shall be subject to retirement by rotation at the AGM at least once every three years.

Attendance Record of Directors

The Board meets regularly to discuss and formulate the overall strategy as well as the operation and financial performance of the Group. Directors may participate in the meetings either in person, by proxy, or by means of electronic communications.

9 Board meetings were convened by the Company during the year ended 31 December 2023. At least 14 days' notice before the date of the meeting is given for a regular Board meeting to allow all Directors to make arrangements to attend. For all other Board meetings, reasonable notices were also given.

The attendance of individual Directors at the Board meetings, meetings of Board committees, and general meetings held during the year ended 31 December 2023 is set out below:

	Number of meetings attended/Number of meetings held				
Director	General Meeting	Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Duan Shengli	2/2	8/9	–	–	2/2
Mr. Han Chao *(Note 1)*	2/2	5/5	–	1/1	–
Mr. Hu Xu *(Note 2)*	2/2	5/5	–	–	–
Mr. Sang Quan *(Note 3)*	2/2	2/5 *(Note8)*	–	–	–
Mr. Lin Wuchang *(Note 3)*	2/2	2/5 *(Note8)*	–	–	–
Mr. Peng Liaoyuan	2/2	8/9	8/10	–	2/2
Ms. Wen Yanhong	2/2	8/9	10/10	2/2	–
Mr. Dong Xinyi *(Note 4)*	2/2	2/2	1/1	0/0	0/0
Mr. Hu Liang *(Note 5)*	0/0	3/4	–	0/1	–
Mr. Lv Peimei *(Note 6)*	0/0	3/4	–	–	–
Mr. Wang Zhen *(Note 6)*	0/0	3/4	–	–	–
Ms. Yu Fen *(Note 6)*	0/0	3/4	–	–	–
Mr. Guo Zhaohui *(Note 7)*	0/0	5/7	9/9	1/2	1/2

Notes:

(1) Mr. Han Chao was appointed on 21 June 2023 as an executive Director and a member of the Remuneration Committee.

(2) Mr. Hu Xu was appointed on 21 June 2023 as an executive Director.

(3) Mr. Sang Quan and Mr. Lin Wuchang were appointed on 21 June 2023 as non-executive Directors.

(4) Mr. Dong Xinyi was appointed on 27 September 2023 as an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

(5) Mr. Hu Liang resigned on 21 June 2023 as an executive Director and a member of the Remuneration Committee.

(6) Mr. Lv Peimei, Mr. Wang Zhen and Ms. Yu Fen resigned as executive Directors with effect from 21 June 2023.

(7) Mr. Guo Zhaohui resigned as an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee with effect from 27 September 2023.

(8) For good corporate governance, Mr. Sang Quan and Mr. Lin Wuchang had withdrawn from three Board meetings during the year due to potential conflict of interest.

Directors' Training

Directors should participate in appropriate continuing professional development to develop and refresh their knowledge and skills. During the year ended 31 December 2023, the Company arranged a training session conducted by its legal advisers and reading materials relating to regulatory updates and compliance matters for the Directors. Newly appointed Director received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the purpose of the Company. During the year under review, all of the Directors of the Company have attended continuous professional development training sessions in compliance with code provision C.1.4 of the Corporate Governance Code.

During the year ended 31 December 2023, the then company secretary of the Company, Mr. Fong Kar Chun, Jimmy, also complied with the 15 hours training requirements under Rule 3.29 of the Listing Rules.

Corporate Governance Functions

The Board is responsible for performing the following corporate governance duties: (a) to formulate and review the Company's policies and practices on corporate governance and make recommendations to the Board; (b) to review and monitor the training and continuous professional development of Directors and senior management; (c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements; (d) to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and (e) to review the Company's compliance with the Corporate Governance Code and disclosures in the Corporate Governance Report in the annual report of the Company. The Board may also assign corporate governance responsibilities to its committees.

Risk Management and Internal Control

Duties of the Board and the Management

The Board is responsible for the risk management and internal control system and has the responsibility to review the effectiveness of the system. The Board is responsible for assessing and determining the nature and extent of the risks that the Group is willing to take in achieving strategic objectives, and monitoring the establishment and maintenance by the management of appropriate and effective risk management and internal control systems. The management is responsible for establishing and maintaining an appropriate and effective risk management and internal control system as well as providing confirmations to the Board on the effectiveness of the system. Sound risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance that there will be no material misstatements or losses.

Risk Management

During the year, the Group continued to improve the establishment of the risk management system structure at the group level to guide the risk assessment activities and ongoing risk monitoring activities for various departments by way of the following:

✓ **Enhanced existing risk management organizational structure –** An organizational structure with the Board of the Group as the decision-maker and the Chairman, general managers in charge of each center and management personnel at all levels as the implementation unit, has been established to divide risk management responsibilities and set out clear responsibilities for risk management and the risk information reporting route.

The main roles and responsibilities of the risk management system are as follows:

Roles	Primary Duties
Board (Decision-maker)	• Assess and determine the nature of the risk and the degree of acceptance to ensure the achievement of strategic objectives • Continuously reviewing changes in the nature and severity of significant risks and the Group's ability to respond to changes in the business and external environment since the previous annual review • Ensure the establishment and maintenance of an effective risk management and internal control system • Supervise management for the design, implementation and monitoring of the risk management and internal control system
Audit committee (Decision-maker)	• Review the structure and responsibilities of risk management and continuously monitor its effectiveness, review the basic risk management system • Supervise the management for the design, implementation and monitoring of the risk management and internal control system • Monitor significant control failures or weaknesses that have been identified during the year, and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition

Roles	Primary Duties
Senior management of the Group (Leadership)	• Responsible for the development of risk management system, regularly review the Company's risk management policies and system • Design, implement and supervise the risk management work of the Group, report on risk management to the Audit Committee on a regular basis, and report and disclose significant risk information to the Audit Committee • Provide the Audit Committee with the confirmation of the effectiveness of the risk management system
Management at the headquarters of the Group and management of functional departments in regional offices (Implementer)	• Regularly update the list of risks involved in the relevant activities, and carry out risk identification and evaluation and other related work • Develop and implement a risk response program for the relevant activities • Responsible for the implementation of specific risk management measures • Monitor all kinds of risks involved in the relevant activities, timely report to the risk management coordinator and risk management leadership on risk information • Conduct other relevant work on risk management
Internal audit function	• As a risk management supervising department, responsible for supervising risk management work of the Group and regional offices

✓ **Updating the risk assessment criteria –** During the year, the Group updated the risk assessment criteria applicable to the Group based on changes in the internal and external operating environment, the nature and operating characteristics of its business, its strategic objectives and the risk appetite of its management, and assessed and ranked the risks that are most likely to affect the achievement of its corporate objectives in terms of the likelihood of occurrence of risks and the extent of the impact of the risks by applying the commonly recognised assessment methodology and assessment criteria. The risks assessed during the year included, but not limited to, strategic risks, financial risks, operational risks, compliance and regulatory risks.

- ✓ **Improved risk management workflow** – A risk management workflow covering major steps including identification, assessment, response, monitoring and reporting (please refer to chart 1 "Risk management workflow" below for details) has been enhanced to systematically organize, mitigate and monitor risks. The Group is guided by its business objectives, identifying the risk factors that affect the achievement of business objectives, assessing the likelihood and potential impacts of each specific risk; adopting measures to deal with the risks identified; and continuously monitoring the changes in risks and timely adjusting countermeasures.

(Chart 1: Risk management workflow)

- ✓ **Risk management reviews are carried out in accordance with the established review frequency-** the above key elements are reviewed in accordance with the frequency of the Group's risk management assessment and reporting (at least once a year) and the Risk Management Manual of the Group.

During the year, the Board conducted a comprehensive review of the Group's risk management and internal control systems through the Audit Committee, with the help of external consultants, continued to deepen its risk management work, identified potential risks faced by the business, updated the top 10 risks for 2023, and sorted out the countermeasures, set out the main department responsible for risk management and countermeasures and objectives for improvement, and reported the assessment results to the Audit Committee.

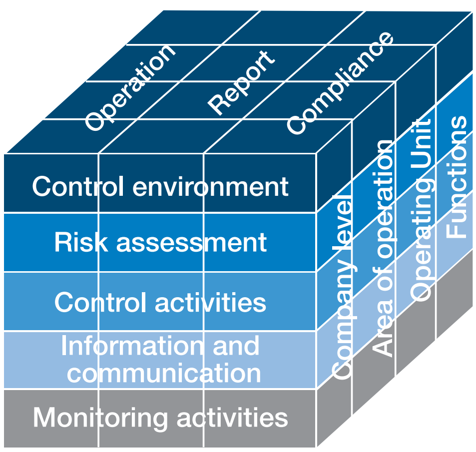
Internal Control

The Group has established its own internal control system by making reference to the internal control and management framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (please refer to chart 2: COSO internal control management framework). The Group's risk management system consists of five interdependent elements, which coordinate and operate to ensure the effectiveness of internal control functions of the Group. The five elements are: control environment, risk assessment, control activities, information and communication and monitoring activities.

The internal control system of the Group, as an important part of its risk management, is established based on the risks faced by the Group. The management of the Group's headquarters, the management of its subsidiaries and the management of its various departments have designed and implemented a series of policies and procedures for processes relating to finance, operations and compliance, and monitored the implementation and effectiveness of such policies and procedures.

The Group has designed procedures to safeguard its assets against unlawful use, maintain proper accounting records to provide reliable financial information for internal use or for publication, and to ensure the Group's compliance with applicable laws, rules and regulations. Nonetheless, the systems are designed to provide reasonable but not absolute assurance against any misstatement or loss.

In 2023, the Company also conducted a review of the control process of internal control with the help of external consultants and proposed improvement measures to address the loopholes and weaknesses identified in the process. The management of the relevant departments of the Company then followed up the implementation in a timely manner to ensure that the improvement measures were implemented in a timely manner and reported the results of the internal control review and follow-up to the Audit Committee.



(Chart 2: COSO internal control management framework)

Internal Audit

The Group has established an internal audit department to be responsible for independent supervision. Management has developed measures for improvement in view of the vulnerabilities and weaknesses identified during the internal audit, which are followed up by the comprehensive monitoring center on a regular basis to ensure the timely implementation of the relevant measures for improvement.

Review of Risk Management and Internal Control System

During the year, the Board, through the Audit Committee, conducted a comprehensive review of the Group's risk management and internal control system, which included the commencement of the current year's material risk assessment and internal control review and examination of key business processes. The review covered the financial year ended 31 December 2023 and assessed and reviewed the key material control aspects, including financial controls, operational controls and compliance controls, taking into account changes in the nature and severity of major risks and the Group's ability to cope with changes in its business.

The Audit Committee has reviewed the resources, staff qualifications and experience of the Company on accounting, internal audit and financial reporting functions as well its staff training programs and budget and confirmed the adequacy of the same.

Having considered the findings of the internal control review, the Audit Committee and the Board are of the view that the internal control system of the Group is adequate and effective as at the date of this annual report.

Anti-fraud System

The Company has in place whistleblowing procedures to enable employees, customers and suppliers to make anonymous reports of misconduct or other matters related to the Company.

The Group strictly prohibits any form of corruption, bribery, extortion, fraud and money laundering. The Group has established a supervisory function for the coordination and establishment of the Company's anti-fraud system. The supervisory function is responsible for conducting investigations on any reports, and providing guidance to the headquarter of the Group, personnel and units to promote integrity.

Framework for Disclosure of Inside Information

The Company has put in place a framework for the handling and disclosure of inside information in compliance with the SFO. The framework sets out the procedures and internal controls, including but not limited to establishing controls for monitoring business and corporate developments and events so that any potential inside information is promptly identified and escalated, restricting access to inside information to a limited number of employees on a need-to-know basis, and ensuring employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality, for the handling and dissemination of inside information in a timely manner so as to allow all the shareholders and stakeholders to assess the latest position of the Group.

Audit Committee

Currently, the Audit Committee comprised three members, namely Ms. Wen Yanhong (the chairman of the Committee), Mr. Peng Liaoyuan and Mr. Dong Xinyi, who are all independent non-executive Directors. The Audit Committee adopted the written terms of reference which were basically the same as those set forth in the code provision D.3.3 of the Corporate Governance Code. The Audit Committee is principally responsible for, among other things, the following duties:

- to provide recommendations on the appointment, reappointment and removal of external auditors to the Board, approve the remuneration and terms of engagement of the external auditors and handle any issues related to the resignation or dismissal of the auditors;
- to review and monitor whether the external auditors are independent and objective and whether the audit procedures are effective in accordance with applicable standards;
- to formulate and implement policies for the engagement of external auditors for the provision of non-audit services;
- to monitor the integrity of the financial statements, the annual reports and accounts and the interim reports of the Company, and review the material financial reporting judgements therein;
- to review the financial control, internal control and risk management systems of the Company;
- to discuss the internal control and risk management systems with the management and to ensure that the management has discharged its duties of setting up an effective internal control and risk management system;

- to review the financial and accounting policies and practices of the Group; and
- to review the external auditors' letter to the management, any material queries that the auditors made to the management in respect of the accounting records, financial accounts or systems of control as well as the management's response.

During the year ended 31 December 2023, the Audit Committee held a total of 10 meetings. The number of meetings attended by each member is set out in the section headed "Attendance Record of Directors" above. The Audit Committee performed the following significant work, including recommending the change of auditor, reviewing the annual results and annual report for the year ended 31 December 2021, the interim results and interim report for the period ended 30 June 2022, the annual results and annual report for the year ended 31 December 2022, the interim results and interim report for the period ended 30 June 2023, reviewing the Group's compliance procedures, connected transactions, remuneration of the external auditor, discussing and reviewing the Company's resources, qualifications and experience of its staff and the training programmes and budget of its staff in respect of the accounting, internal audit and financial reporting functions, and confirmed that the foregoing are adequate. There was no disagreement between the Audit Committee and the Board on the selection of the Company's external auditor.

For the year ended 31 December 2023, the emolument of the Group's external auditor for the annual audit of the financial statements of the Company amounted to RMB4.9 million. For the year ended 31 December 2023, the remuneration of the external auditor for providing non-audit services was approximately RMB2.0 million. The non-audit service is the review service of the interim financial report 2023, which is approximately RMB2.0 million.

Remuneration Committee

The Remuneration Committee currently comprises three members, namely Mr. Dong Xinyi (the chairman of the Committee), Ms. Wen Yanhong and Mr. Han Chao, with the majority of the members being independent non-executive Directors. The Remuneration Committee has adopted written terms of reference which are substantially the same as those set out in code provision E.1.2 of the Corporate Governance Code. The Remuneration Committee is primarily responsible for, among other things, the following duties:

- to make recommendations to the Board in respect of the remuneration policy and structure of the Directors and senior management of the Company and the establishment of formal and transparent procedures for developing such remuneration policy;
- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

- to determine, with delegated responsibility from the Board, the specific remuneration packages of individual executive directors and senior management;
- to make recommendations to the Board on the remuneration of non-executive directors;
- to review and approve payments to the executive Directors regarding compensation for their loss or termination of office or appointment, to ensure relevant terms of the contracts, and that the compensation is fair and not excessive for the Company;
- to review and approve the arrangements involved in the termination or dismissal of Directors due to misconduct, to ensure that those arrangements are determined according to the relevant terms of the contracts, and that the compensation is reasonable and appropriate; and
- to ensure that no Director or any of his associates is involved in deciding his/her own remuneration.

During the year ended 31 December 2023, the Remuneration Committee held 2 meetings. The number of meetings attended by each member is set out in the section headed "Attendance Record of Directors" above. The Remuneration Committee has reviewed the remuneration packages of the Directors and senior management, approved the terms of the service agreements of the executive Directors, non-executive Directors and the appointment letters of the independent non-executive Directors.

During the year ended 31 December 2023, none of the Directors had waived or agreed to waive any emoluments.

Details of the Directors' respective emoluments are set out in Note 12 to the consolidated financial statements.

In accordance with code provision E.1.5 of the Corporate Governance Code, the remuneration by band for senior management (excluding Directors) for the year ended 31 December 2023 is set out below:

Annual remuneration by band	Number of individuals
HK$1,000,001 to HK$1,500,000	1
HK$nil to HK$1,000,000	1

Note: Mr. Fong Kar Chun, Jimmy resigned from the position of senior management with effect from 22 March 2024.

Nomination Committee

The Nomination Committee currently comprises three members, namely Mr. Duan Shengli (the chairman of the Committee), Mr. Peng Liaoyuan and Mr. Dong Xinyi, the majority of whom are independent non-executive Directors. The Nomination Committee has adopted written terms of reference which are substantially the same as those set out in code provision B.3.1 of the Corporate Governance Code. The Nomination Committee is primarily responsible for, among other things, the following duties:

- to review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board on a regular basis and make recommendations to the Board on any proposed changes to the composition of the Board to complement the Company's corporate strategy;
- to identify individuals suitably qualified to become Board members and to select or nominate such individuals to become Directors or make recommendations to the Board in this regard;
- to assess the independence of independent non-executive directors in accordance with applicable laws, rules and regulations; and
- to make recommendations to the Board on matters relating to the appointment, reappointment and removal of directors and succession planning for directors of the Company.

During the year ended 31 December 2023, the Nomination Committee held 2 meetings. The number of meetings attended by each member is set out in the section headed "Attendance Record of Directors" above. The Nomination Committee has considered the structure, size and composition of the Board (including the skills, knowledge, experience and diversity aspects), made recommendations to the Board on the appointment of Directors, made recommendations to the Board on the Directors to be proposed for re-election at the annual general meeting, and assessed the independence of the independent non-executive Directors.

Nomination Policy and Procedures

In the nomination of a new Director to the Board, the Nomination Committee will consider potential new candidates openly from time to time, taking into account the strategic needs of the Company and the Board. The potential pool of candidates include (but without limitation) local and overseas academia, Hong Kong and overseas listed companies directors, executives and experts in the relevant fields.

The Nomination Committee will consider the candidates based on merit having regard to the experience, skills and expertise as well as the overall board diversity, and make recommendations to the Board as appropriate.

Board Diversity Policy

The Board has also adopted a "Board Diversity Policy" to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. Selection of board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

The Nomination Committee reviews the Board Diversity Policy as appropriate to ensure the continued effectiveness of the Board.

The Board currently consists of eight Directors, of whom one is female and seven are male, aged between 34 and 55. By reference to the qualifications, work experience and background of the Directors, the Board considers that it has achieved diversity in terms of gender, age, educational background, industry experience and professional experience. The Nomination Committee will monitor the implementation of the Board's diversity policy and all measurable objectives from time to time to ensure the effectiveness of the policy and make recommendations to the Board on any revision to the policy as and when necessary.

The Board aims to maintain at least the current proportion of female member. The Company will ensure that gender diversity is taken into account in the recruitment of middle and senior management and that sufficient resources are available to provide appropriate training and functional development to maintain gender diversity in the pipeline of potential successors to the Board.

Staff diversity

As of 31 December 2023, the gender balance of the Group's staff (including senior management) is set out below:

	As of 31 December 2023	
	Number of persons	Percentage of total staff
Male staff	56,056	61.3%
Female staff	35,426	38.7%

The Board considers that there is an appropriate gender balance in the Group's workforce. The Group promotes equality and diversity in human resources management and encourages gender diversity at all levels of work. The Group has established training plans to nurture corporate talent and develop a broad range of diverse and skilled and experienced staff. The Group will continue to look for opportunities to increase the proportion of female staff.

During the year ended 31 December 2023, the Board has not been made aware of any factor or circumstance that make it more challenging or less relevant for staff, including senior management, to achieve gender diversity.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as the Company's code of conduct for securities transactions by the Directors. The Company has made specific enquiry of all the Directors and they have confirmed that they have complied with the requirements set out in the Model Code throughout the year ended 31 December 2023.

Directors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards, so as to give a true and fair view of the state of affairs of the Company and the Group and of the results and cash flows of the Group. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner.

Save as disclosed in the section headed "Risk of continuing as a going concern" in the "Management Discussion and Analysis" in this annual report, the Directors were not aware of any material uncertainties which may cast significant doubt upon the Company's ability to continue as a going concern.

The auditor's statement on its reporting responsibilities in respect of the Company's financial statements is set out in the Independent Auditor's Report on pages 70 to 78 of this annual report.

Dividend Policy

The Company has adopted a dividend policy (the "**Dividend Policy**") where the Company would, where the situation allows, declare dividends to shareholders every year and may declare special dividends from time to time. In deciding whether to propose a dividend and in determining the dividend amount, the Board will take into consideration the Group's distributable profits generated during the year, the financial situation and liquidity of the Group, the investment needs and the retained profits that should be set aside for future development purposes. While sharing the profit with shareholders, the Company will also maintain sufficient reserves to meet its liabilities and to ensure the implementation of the Group's strategy for future development. The payment of dividend is also subject to any restrictions under the laws of Cayman Islands, the laws of Hong Kong and the Articles.

Relationship with Controlling Shareholders

On 19 November 2020, each of Dr. Hui Ka Yan, Xin Xin (BVI) Limited, China Evergrande Group, Anji (BVI) Limited, Shengjian (BVI) Limited and CEG Holdings (BVI) Limited (collectively referred to as the " **Undertaking Controlling Shareholders**") entered into the Deed of Non-competition for the benefit of the Company, details of which are set out in the section headed "Relationship with Controlling Shareholders - Deed of Non-Competition" in the prospectus of the Company dated 23 November 2020. To the best knowledge and belief of the Directors, each of the Undertaking Controlling Shareholders has complied with the Deed for the year ended 31 December 2023.

Amendments to the Company's Constitutional Documents

The Articles of Association of the Company was amended after being considered and approved at the 2022 annual general meeting held on 16 November 2023 and the latest version of the relevant documents are available on the Company's website (www.evergrandeservice.com) and the website of the Stock Exchange (www.hkexnews.hk).

Shareholders' Rights

Right to convene an extraordinary general meeting ("EGM") (including the right of making proposals/moving resolutions at the EGM)

Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up share capital of the Company carrying the right of voting at the general meetings of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to the Board or the Joint Company Secretaries, to require an EGM to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving resolutions at the EGM. Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving resolutions at the EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong at Room 2201, 22/F, YF Life Centre, 38 Gloucester Road, Wanchai, Hong Kong, for the attention of the Joint Company Secretaries.

If within 21 days of the deposit of the Requisition the Board has not notified the Eligible Shareholders and fails to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the Articles, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board to convene such meeting shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Right to Nominate Directors for Election at General Meetings

If a shareholder wishes to propose a person other than a Director of the Company for election as a Director, the shareholder must deposit a written notice (the "**Notice**") to the principal place of business of the Company in Hong Kong at Room 2201, 22/F, YF Life Centre, 38 Gloucester Road, Wanchai, Hong Kong, or the branch share registrar of the Company, Computershare Hong Kong Investor Services Ltd., at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for the attention of the Joint Company Secretaries. The Notice must state clearly the name of the shareholder(s) and his/her/their shareholding, the full name of the person proposed for election as a Director, including the person's biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the shareholder concerned (not the person to be nominated).

The Notice must also be accompanied by a letter of consent signed by the person nominated to be elected on his/her willingness to be elected as a Director. The period for lodgment of the Notice will commence no earlier than the day after the despatch of the notice by the Company of the general meeting appointed for the election of Directors of the Company and end no later than seven (7) days prior to the date of such general meeting.

The Notice will be verified by the Company's branch share registrar and upon their confirmation that the request is proper and in compliance with the rules of procedures, the Joint Company Secretaries will ask the Nomination Committee and the Board of the Company to consider to include the resolution in the agenda for the general meeting proposing such person to be elected as a Director.

Disclaimers

The contents of the section headed "Shareholders' Rights" in this report are for reference only and in compliance with disclosure requirements, which do not represent and shall not be regarded as legal or other professional advice to the shareholders. Shareholders should seek their independent legal or other professional advice as to their rights as shareholders of the Company. The Company disclaims any liability for all liabilities and losses incurred by the shareholders in reliance upon any contents of the section headed "Shareholders' Rights".

Shareholder Communication Policy

The Company has established a shareholder communication policy to ensure that shareholders have equal and timely access to corporate information. Corporate information will be communicated to shareholders through the Company's corporate communications, annual general meetings and other general meetings that may be held, as well as disclosures filed with the Stock Exchange. Shareholders may access information published by the Company through the Stock Exchange's website (www.hkexnews.com) or the Investor section of the Company's website (www.evergrandeservice.com). Shareholders may also make enquiries to the Company and provide comments and suggestions to the Board through the channels mentioned in the "Investor Relations" section below. The Company will respond to shareholders' enquiries as soon as practicable after receipt. Based on the above, the Board considers that the Company's shareholder communication policy remained effective during the year.

Investor Relations

The Company emphasises communication with institutional investors so as to enhance the transparency of the Company, and stresses the importance of channels to collect and respond to the opinions of institutional investors.

During the year under review, the Company communicated and liaised with its shareholders and investors through various channels, including convening annual general meetings, corporate communications, publication of announcements on the Stock Exchange's website and the Company's website, and responding to shareholders' enquiries.

Shareholders, investors and the media can make enquiries with us by the following methods:

By telephone: (852) 2287 9283
By post: Room 2201, 22/F, YF Life Centre, 38 Gloucester Road, Wanchai, Hong Kong
By email: IR@evergrandeservice.com

Report of the Directors

The Board is pleased to present the annual report together with the audited financial statements of the Group for the year ended 31 December 2023.

Principal Activities

The Company is one of the largest and fastest-growing integrated property management service enterprise in the PRC. The Company is a full-service property management enterprise with a diversified portfolio of projects under management, including high-end residential properties, offices, commercial properties, public buildings, railways, industrial parks and city public services, etc. In addition to basic property management services, the Company also provides value-added services to its customers, such as community living services, asset management services and community operation services.

Business Review

General

A review of the business of the Group for the year ended 31 December 2023, discussion on the future development in the Group's business, description of possible business risks and uncertainties that the Group may be facing are provided in the Chairman's Statement on pages 6 to 10 and Management Discussion and Analysis on pages 11 to 28 of this annual report. An analysis of the Group's key financial performance indicators and its exposure to industry risk, business risk, foreign exchange risk and going concern risk is set out in the Management Discussion and Analysis on pages 11 to 28 of this annual report, while the Group's financial risk management objectives and policies are set out in note 5 to the consolidated financial statements. Details of significant events affecting the Group since the end of the financial year ended 31 December 2023 are set out on page 68 of this annual report.

Compliance with Laws and Regulations

The Group has established procedures in place to ensure that its operations comply with applicable laws, rules and regulations. The Board is responsible to monitor the Group's policies and practices for achieving compliance with legal and other regulatory requirements, and such policies and practices will be regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operating units whenever necessary.

As far as the Company is aware, the Group has complied in all material respects with laws and regulations that have a significant impact on the Group's business and operations.

Environmental Policies and Performance

The Group is committed to the long-term sustainable development of the environment and communities in which it operates. The Group complies with applicable environmental protection laws and regulations for its business operations, and has implemented relevant environmental protection measures in compliance with applicable laws and regulations of PRC. Further details on the environmental policies and performance of the Group are set out in the Environmental, Social and Governance Report for the year ended 31 December 2023 to be published separately.

Relationship with Equity Holders

The Group recognises that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners. The Group provides systematic and extensive training programs to its employees to improve and enhance their technical and service skills, as well as to supplement their knowledge of industry quality standards and work place safety standard. Details are elaborated in the Management Discussion and Analysis on pages 11 to 28 of this annual report.

The Group is dedicated to develop good relationship with suppliers as long-term business partners to ensure stability of the Group's businesses. It reinforces business partnerships with suppliers by ongoing communication in a proactive and effective manner.

Customers satisfaction with services and products has a profound effect on the profitability of the Group. The Group is dedicated to foster a safe, convenient, healthy and caring community through its butlers who are on call round-the-clock. The customer-centric culture has guided the Group to forge ahead and explore new ways to better serve its customers. For example, it has implemented a smart information platform that utilizes information and intelligent technologies to facilitate online interactions between its customers and butlers, which enhances customer experience, reduces its reliance on manual labor and improves operating efficiency.

Financial Statements

The results of the Group for the year are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 79.

The financial position of the Group as at 31 December 2023 is set out in the Consolidated Statement of Financial Position on pages 80 to 81.

The cash flows of the Group for the year are set out in the Consolidated Statement of Cash Flows on page 83.

Share Capital

Details of the movement in share capital of the Company during the year are set out in note 26 to the consolidated financial statements on page 152.

Dividends

The Board does not recommend the payment of any final dividend for the year ended 31 December 2023. As at 31 December 2023, no shareholder of the Company had waived or agreed to waive any dividends or future dividends.

Reserves

Details of movements in the reserves of the Company during the year are set out in note 27 to the financial statements on pages 152 to 153.

As at 31 December 2023, the Company's reserve available for distribution amounted to approximately RMB -474.6 million. No dividend was proposed for the year.

Property and Equipment

The movements in property and equipment during the year are set out in note 17 to the financial statements on pages 137 to 138.

Major Customers and Suppliers

The largest customer and the five largest customers of the Group accounted for approximately 0.4% and 1.3% respectively of the Company's revenue for the year ended 31 December 2023.

For the year ended 31 December 2023, the total amount of purchases made by the Company from the largest and the five largest suppliers accounted for approximately 1.5% and 4.1% of the Company's total amount for the year.

As far as the Company is aware, none of the Directors, their associates and shareholders who are interested in more than 5% of the share capital of the Company had any interest in the five largest suppliers and customers noted above.

Directors

The Directors who held office during the year ended 31 December 2023 and up to the date of this annual report were:

Executive Directors

Mr. Duan Shengli *(Chairman)*
Mr. Han Chao *(General Manager, appointed on 21 June 2023)*
Mr. Hu Xu *(appointed on 21 June 2023)*
Mr. Hu Liang *(resigned on 21 June 2023)*
Mr. Lv Peimei *(resigned on 21 June 2023)*
Mr. Wang Zhen *(resigned on 21 June 2023)*
Ms. Yu Fen *(resigned on 21 June 2023)*

Non-executive Directors

Mr. Sang Quan *(appointed on 21 June 2023)*
Mr. Lin Wuchang *(appointed on 21 June 2023)*

Independent non-executive Directors

Mr. Peng Liaoyuan
Ms. Wen Yanhong
Mr. Dong Xinyi *(appointed on 27 September 2023)*
Mr. Guo Zhaohui *(resigned on 27 September 2023)*

The biographical details of the Directors and senior management are set out in the section headed "Directors and Senior Management" of this annual report.

In accordance with article 84(1) of the Articles, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. Accordingly, Mr. Hu Xu, Mr. Sang Quan and Mr. Lin Wuchang shall retire from office at the forthcoming AGM and, being eligible, will offer themselves for re-election at the AGM.

Permitted Indemnity Provisions

The Articles provide that every Director is entitled to be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which he may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

During the year ended 31 December 2023, the Group has purchased directors' liability insurance, which provides appropriate cover for the Directors. The permitted indemnity provision was in force during the year ended 31 December 2023 and remained in force as at the date of this annual report for the benefit of the Directors.

Management Contracts

During the year ended 31 December 2023, no management or administration contract concerning the management of the whole or substantial part of any business of the Company was entered into, or subsisted.

Directors' Service Contracts

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Contracts

There were no contracts of significance in relation to the Group's business, to which any member of the Group was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year.

Directors' Interests in Competing Businesses

None of the Directors and their respective associates has an interest in any business which competes or may compete with the business in which the Group is engaged.

Share Option Scheme

The shareholders of the Company has resolved at the extraordinary general meeting of the Company held on 10 May 2021 to adopt the share option scheme of the Company (the "**Share Option Scheme**").

The purpose of the Share Option Scheme is to enable the Company to grant options to selected eligible participants as incentives or rewards for their contribution or potential contribution to the Group. The Directors consider that the Share Option Scheme will serve to motivate the eligible participants to contribute to the Group's development. The Share Option Scheme, which will be in the form of options to subscribe for Shares, will enable the Group to recruit, incentivize and retain high-calibre staff, which the Directors consider that it is in line with modern commercial practice that eligible participants, which will include full-time or part-time employees, executives, officers or directors of the Group and of any associated corporation of the Company, and any advisors, consultants, agents, suppliers or joint venture partners who have contributed to the Group, be given incentives and align their interests and objectives with that of the Group.

The Share Option Scheme does not specify a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised. However, the rules of the Share Option Scheme provide that the Board may, at its absolute discretion, determine the terms and conditions on which share options may be granted, but no option may be exercised more than 10 years after the date of grant.

Based on 10,810,811,000 shares of the Company (the "**Shares**") in issue as at the date of the extraordinary general meeting, the maximum number of Shares that may be issued upon the exercise of the options that may be granted under the Share Option Scheme is 1,081,081,100 Shares, being 10% of the issued share capital of the Company as at the date of the adoption of the Share Option Scheme and as at the date of this annual report.

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme to any eligible participant shall not exceed 1% of the Shares in issue within any 12-month period.

Any option offer will be deemed to have been granted and accepted by the grantee when the duplicate offer document constituting acceptance of the option duly signed by the grantee, and a remittance in favour of the Company of HK$1.00 as consideration for the grant thereof is received by the Company.

The exercise price of the options is determined by the Board at its absolute discretion and will be not less than the highest price of the official closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, the average official closing prices of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant and the nominal value of the shares of the Company.

The aggregate number of Shares which may be issued upon the exercise of all share options that may be granted under the Share Option Scheme and all outstanding share options granted and yet to be exercised under the other share option schemes of the Company at the beginning and the end of the year ended 31 December 2023 is 1,081,081,100 Shares.

The Share Option Scheme shall be valid and effect for a period of 10 years commencing from the date of its adoption up to 9 May 2031. As at the date of this annual report, the remaining life of the Share Option Scheme was approximately 7 years and 1 month. No options have been granted by the Company under the Share Option Scheme from the date of its adoption to 31 December 2023.

Equity-linked Agreement

Save for the Share Option Scheme, no equity-linked agreement was entered into by the Company during the year ended 31 December 2023 or subsisted at the end of the year.

Directors' Benefits from Rights to Acquire Shares or Debentures

Save for the Share Option Scheme, at no time during the year was the Company, any of its holding companies or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debenture

As at 31 December 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interest in the shares of the Company

Name of Director	Capacity in which interests are held	Number of shares held	Approximate percentage of shareholding (1)
Mr. Duan Shengli	Beneficial owner	3,550,000	0.03%
Mr. Hu Xu (2)	Beneficial owner	3,500	0.00%
Mr. Sang Quan (3)	Beneficial owner	1,000	0.00%

Notes:

1. The calculation of the percentage is based on the total number of Shares in issue as at 31 December 2023.
2. Mr. Hu Xu was appointed as an executive Director on 21 June 2023.
3. Mr. Sang Quan was appointed as a non-executive Director on 21 June 2023.

(ii) Interest in shares of associated corporations of the Company

Name of Director	Name of associated corporation	Capacity in which interests are held	Number of shares held	Approximate percentage of shareholding (1)
Mr. Duan Shengli	China Evergrande Group	Beneficial owner	10,000	0.00%
	China Evergrande New Energy Vehicle Group Limited	Beneficial owner	2,420,000	0.02%
Mr. Sang Quan (2)	China Evergrande New Energy Vehicle Group Limited	Beneficial owner	55,500	0.00%

Notes:

1. The calculation of the percentage is based on the total number of shares in issue of the respective associated corporation as at 31 December 2023.
2. Mr. Sang Quan was appointed as a non-executive Director on 21 June 2023.

(iii) Interest in share options of associated corporations of the Company

Name of Director	Name of associated corporation	Capacity in which interests are held	Number of shares or underlying shares	Approximate percentage of shareholding [1]
Mr. Duan Shengli	China Evergrande Group	Beneficial owner	20,600,000	0.16%
Mr. Han Chao [2]	China Evergrande Group	Beneficial owner	40,000	0.00%
Mr. Hu Xu [2]	China Evergrande Group	Beneficial owner	80,000	0.00%
Mr. Sang Quan [3]	China Evergrande Group	Beneficial owner	150,000	0.00%
Mr. Lin Wuchang [3]	China Evergrande Group	Beneficial owner	70,000	0.00%

Notes:

1. The calculation of the percentage is based on the total number of shares in issue of the respective associated corporation as at 31 December 2023.

2. Mr. Han Chao and Mr. Hu Xu were appointed as executive Directors on 21 June 2023.

3. Mr. Sang Quan and Mr. Lin Wuchang were appointed as non-executive Directors on 21 June 2023.

Save as disclosed above, as at 31 December 2023, none of the Directors, chief executive of the Company or their respective associates had any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Substantial Shareholders

So far as is known to any Director or chief executive of the Company, as at 31 December 2023, the following persons had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of the SFO or were otherwise notified to the Company and the Stock Exchange:

Name of shareholder	Capacity in which interests are held	Number of Shares held[1]	Approximate percentage of shareholding [2]
Dr. Hui Ka Yan	Interest in controlled corporation	5,590,229,000[3]	51.71%
Xin Xin (BVI) Limited	Interest in controlled corporation	5,590,229,000[4]	51.71%
China Evergrande Group	Interest in controlled corporation and beneficial owner	5,590,229,000[5]	51.71%
Anji (BVI) Limited	Interest in controlled corporation	5,383,074,000[6]	49.79%
Shengjian (BVI) Limited	Interest in controlled corporation	5,383,074,000[6]	49.79%
CEG Holdings (BVI) Limited	Beneficial owner	5,383,074,000[6]	49.79%

Notes:

1. The disclosure of the number of such shares held is made in accordance with the last reported disclosure of interest notice as of 31 December 2023.

2. The calculation of the percentage is based on the total number of Shares in issue as at 31 December 2023.

3. Such shares were held by China Evergrande Group and its subsidiaries. Dr. Hui Ka Yan ("**Dr. Hui**") is the controlling shareholder of China Evergrande Group and is deemed to be interested in such shares under the SFO.

4. Xin Xin (BVI) Limited is a company wholly owned by Dr. Hui and is the direct controlling shareholder of China Evergrande Group. Xin Xin (BVI) Limited is deemed to be interested in the shares held by China Evergrande Group in the Company under the SFO.

5. Of the 5,590,229,000 Shares, 5,383,074,000 Shares were held by China Evergrande Group through its subsidiaries and 207,155,000 Shares were held directly by China Evergrande Group.

6. CEG Holdings (BVI) Limited is directly owned as to 50% by China Evergrande Group and as to 50% by Shengjian (BVI) Limited. Shengjian (BVI) Limited is wholly owned by Anji (BVI) Limited, which is in turn wholly owned by China Evergrande Group. By virtue of the SFO, Shengjian (BVI) Limited and Anji (BVI) Limited and China Evergrande Group are deemed to be interested in the Shares held by CEG Holdings (BVI) Limited.

Subsidiaries

Details of the Company's principal subsidiaries at 31 December 2023 are set out in note 39 to the financial statements on pages 169 to 171.

Continuing Connected Transactions

During the year, the Group had the following transactions and arrangements with connected persons (as defined in the Listing Rules) of the Company which constituted continuing connected transactions for the Company and are required to be reported in this annual report in compliance with the disclosure requirements under Chapter 14A of the Listing Rules:

1. Car Parking Space Leasing

On 30 December 2022, the Company renewed the master car parking space leasing agreement (the "**2023 Master Car Parking Space Leasing Agreement**") with China Evergrande Group, pursuant to which the Group will lease from the subsidiaries, joint ventures and associates of China Evergrande Group (the "**Evergrande Associates**") certain car parking spaces (the "**Car Parking Spaces**") situated in the residential and commercial properties developed by the Evergrande Associates and managed by the Group for subleasing to residents and tenants for a term of 3 years commencing from 1 January 2023 and ending on 31 December 2025.

The rent to be paid by the Group for the lease of the Car Parking Spaces was determined after arm's length negotiations with reference to, among others, the prevailing market rent of car parking spaces in similar locations and similar properties and the number and occupancy rate of the Car Parking Spaces leased by the Group from the Evergrande Associates.

For the three years ending 31 December 2025, the respective annual caps for the transactions contemplated under the 2023 Master Car Parking Space Leasing Agreement are approximately RMB477.8 million, RMB488.4 million and RMB493.7 million respectively.

For the year ended 31 December 2023, the aggregate transaction amount under the 2023 Master Car Parking Space Leasing Agreement was approximately RMB108.3 million, which has not exceeded the cap of approximately RMB477.8 million.

2. Property Management and Related Services

On 30 December 2022, the Company renewed the master property management and related services agreement (the "**2023 Master Property Management and Related Services Agreement**") with China Evergrande Group, pursuant to which the Group agreed to provide to the Evergrande Associates property management and related services, including but not limited to (i) property management services for unsold properties and properties owned by the Evergrande Associates; (ii) pre-delivery services including management and maintenance services for construction sites, show flats and property sales centres, preliminary planning and design consultancy services at the pre-delivery stage, pre-delivery cleaning services and pre-delivery inspection services; and (iii) repair and maintenance services during the warranty period of residential and commercial properties developed by the Evergrande Associates (the "**Property Management and Related Services**") for a term of 3 years commencing from 1 January 2023 to 31 December 2025.

The fees to be charged for the Property Management and Related Services was determined after arm's length negotiations with reference to the prevailing market price (having taken into account the location and condition of the property, the scope of services and the anticipated operational costs including but not limited to labor costs, administrative costs and costs of materials), historical transaction amounts and the prices charged by the Group for providing comparable services to Independent Third Parties.

For the three years ending 31 December 2025, the respective annual caps for the transactions contemplated under the 2023 Master Property Management and Related Services Agreement are approximately RMB478.5 million, RMB457.5 million and RMB487.1 million respectively.

For the year ended 31 December 2023, the aggregate transaction amount under the 2023 Master Property Management and Related Services Agreement was approximately RMB109.2 million, which has not exceeded the cap of approximately RMB478.5 million.

China Evergrande Group is the holding company of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions under each of (i) the 2023 Master Car Parking Space Leasing Agreement; and (ii) the 2023 Master Property Management and Related Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Confirmations

Pursuant to Rule 14A.55 of the Listing Rules, all independent non-executive Directors have reviewed the above continuing connected transactions as set out above and confirmed that they were entered into:

1. in the ordinary and usual course of business of the Group;

2. on normal commercial terms or better; and

3. in accordance with the respective agreements governing the above-mentioned continuing connected transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Furthermore, in accordance with Rule 14A.56 of the Listing Rules, the Group has engaged its auditors to report on the Group's continuing connected transactions.

The auditors of the Group have issued a letter to the Board confirming that nothing has come to their attention that causes them to believe that the above continuing connected transactions:

1. have not been approved by the Board;

2. where such transactions involve the provision of goods or services by the Group, have not been carried out in accordance with the Group's pricing policies in all material respects;

3. have not carried out in accordance with the agreements governing the transactions in all material respects; and

4. have exceeded the relevant annual caps.

Related Party Transactions

Details of the related party transactions of the Group for the year ended 31 December 2023 are disclosed in note 36 to the consolidated financial statements of the Group. Save as disclosed above, during the year under review, none of the related party transactions constituted 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.

Controlling Shareholders' Interests in Contracts of Significance

Saved as disclosed in this annual report, neither the Company nor any of its subsidiaries entered into any significant contracts with the controlling shareholders of the Company or any of its subsidiaries for the year ended 31 December 2023.

Employee and Remuneration Policy

As at 31 December 2023, the Group employed a total of 91,482 employees. The Group recruits and promotes individuals based on merit and their development potentials. Remuneration package offered to all employees including Directors is determined with reference to their performance and the prevailing salary levels in the market. The Company has also adopted the Share Option Scheme to incentivize selected eligible participants including, among others, employees and directors of the Group, for their contribution or potential contribution to the Group. Details of the Share Option Scheme are set out in the section headed "Share Option Scheme" above.

Commitments

Details of commitments are set out in note 33 to the financial statements on page 161.

Independence Confirmation

The Company has received from each of the independent non-executive Directors a confirmation of independence. The Board is satisfied with the independence of each of the independent non-executive Directors with reference to the factors set out in Rule 3.13 of the Listing Rules.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance. Further information on the Company's corporate governance practices is set out in the Corporate Governance Report on pages 34 to 53.

Foreign Exchange Risks

Details of the foreign exchange risks are set out in note 5.1.1(i) to the financial statements on page 112.

Purchase, Sale and Redemption of Shares

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

Disclosure Pursuant to Rule 13.20 of the Listing Rules

So far as the Directors are aware, there were no circumstances which would give rise to a disclosure obligation under Rule 13.20 of the Listing Rules in relation to the Company's advance to an entity.

Events after the Reporting Period

Save as disclosed below, there have been no other material subsequent events that have occurred to the Group after 31 December 2023 and up to the date of this report.

Legal proceedings

In relation to the enforcement of the Group's deposit pledge by the relevant banks, the Board wishes to inform the Shareholders that a wholly-owned subsidiary of the Company has filed a relevant proceeding with the Guangzhou Intermediate People's Court of Guangdong Province, the PRC, requesting for the repayment of the deposit pledge amount together with the provisional interest by China Evergrande Group and the relevant parties. Please refer to the announcements of the Company dated 15 February 2023, 28 November 2023 and 26 January 2024 for details of the above matter.

Liquidation of controlling shareholder

China Evergrande Group, the controlling shareholder of the Company, was ordered by the High Court of Hong Kong to be wound up on 29 January 2024, please refer to the Inside Information announcement of the Company dated 29 January 2024 in relation to the Resumption of Trading for details.

Change of Address of the Principal Place of Business in Hong Kong

With effect from 1 March 2024, the address of the principal place of business of the Company in Hong Kong was relocated from 15/F, YF Life Centre, 38 Gloucester Road, Wanchai, Hong Kong to Room 2201, 22/F, YF Life Centre, 38 Gloucester Road, Wanchai, Hong Kong. Please refer to the announcement of the Company dated 29 February 2024 for details.

Resignation of Company Secretary and Authorized Representatives, Appointment of Joint Company Secretaries and Authorized Representatives

Mr. Fong Kar Chun, Jimmy has resigned as the company secretary of the Company, the authorized representative of the Company under Rule 3.05 of Listing Rules, and the authorized representative for the purpose of receiving process or notices on behalf of the Company in Hong Kong pursuant to Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (collectively the "**Authorized Representatives**") with effect from 22 March 2024. Mr. Hu Xu and Mr. Cheng Ching Kit ("**Mr. Cheng**") were appointed as joint company secretaries of the Company and Mr. Cheng was appointed as the Authorized Representatives with effect from 22 March 2024. Please refer to the announcement of the Company dated 22 March 2024 for details.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands requiring the Company to offer new shares to the existing shareholders of the Company in proportion to their respective shareholders if new shares are issued.

Financial Summary

A summary of the results, assets and liabilities of the Group for the past five years is set out on page 172.

Tax Relief

The Board is not aware of any tax relief or exemption available to the shareholders of the Company due to their holding of the Company's securities.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained a sufficient public float as required under the Listing Rules.

Auditors

On 16 January 2023, PricewaterhouseCoopers ("**PwC**") resigned as auditor of the Company upon the recommendation of the Company. On the same day, the Board appointed Prism Hong Kong and Shanghai Limited ("**Prism**") as the new auditor of the Company to fill the casual vacancy following the resignation of PwC For details, please refer to the announcement of the Company dated 16 January 2023 in relation to the change of auditor. Save as disclosed above, there was no change of auditor of the Company during the year ended 31 December 2023 or any of the three preceding years. The Company's auditor for the years 2021, 2022 and 2023 was Prism and a resolution will be proposed at the forthcoming annual general meeting for the re-appointment of Prism as auditor of the Company.

On behalf of the Board
Duan Shengli
Chairman

Hong Kong, 27 March 2024

Independent Auditor's Report

TO THE SHAREHOLDERS OF EVERGRANDE PROPERTY SERVICES GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Evergrande Property Services Group Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") set out on pages 79 to 171, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw your attention to note 2 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. As at 31 December 2023, the net current liabilities and net assets of the Group amounted to approximately RMB1,907,269,000 and approximately RMB19,211,000 respectively (as at 31 December 2022: net current liabilities at approximately RMB3,321,357,000 and net liabilities at approximately RMB1,512,765,000 respectively) as of that date. These conditions, together with the other matters set out in note 2 to the consolidated financial statements, indicate that there are material uncertainties that may affect the Group's ability to continue as a going concern. The Group is implementing various measures to improve its liquidity. On the basis that all these measures can be successfully implemented, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as they fall due and accordingly, the consolidated financial statements have been prepared on a going concern basis. In respect of this matter, our opinion has not been modified.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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. In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
1. Impairment assessment of trade and other receivables	
Refer to note 21 to the consolidated financial statement and accounting policies on pages 99 to 100. As at 31 December 2023, the carrying amount of trade and other receivables was RMB3,508,637,000 and credit losses allowance of RMB140,172,000 was recognised in profit or loss for the year ended 31 December 2023.	Our procedures in relation to the management's judgements and estimates used in the expected credit losses assessment of trade and other receivables included: — Understand the Group's internal controls and evaluation procedures for expected credit losses on trade and other receivables, and assess the inherent risks of material misstatement based on the level of estimation uncertainty and other inherent risk factors, such as complexity and subjectivity;

Key audit matter	How our audit addressed the key audit matter
As the assessment of the expected credit loss allowance of trade and other receivables involves significant management estimates, we have identified the expected credit losses of trade and other receivables as a key audit matter.	— Evaluate the appropriateness of the methods used and the reasonableness of the key assumptions by: (i) Based on our understanding of the Group's business processes, credit control procedures and the credit risk characteristics of trade and other receivables, evaluate the appropriateness of debtors grouping; (ii) Refer to the credit information and historical settlement performance of debtors to evaluate the reasonableness of the key assumptions used to estimate loss rates, and corroborate management's explanations together with publicly available information and corroborating evidence; and (iii) Refer to the understanding of the Group's business, industry and external macroeconomic data, challenge and evaluate management's assessment of debtors' financial condition, current market conditions and forward-looking factors;

Key audit matter	How our audit addressed the key audit matter
As disclosed in note 21 to the consolidated financial statements, the management uses a provision matrix to calculate expected credit losses on trade receivables, with the provision rates determined based on the aging of each debtor, which are considered to have similar loss patterns and take into account historical default rates and forwardlooking information. For other receivables, the management measures the loss allowance equal to 12-month expected credit loss, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime expected credit losses. The assessment of whether lifetime expected credit losses should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.	— Test on a sample basis the accuracy of management's aging analysis of trade receivables based on supporting documents; — Check the mathematical accuracy of the calculation of the loss allowance; and — Evaluate the adequacy of disclosures related to expected credit losses on trade and other receivables. Based on the above, we found that the key judgments and estimates made by management for the expected credit loss assessment of trade and other receivables are supported by available evidence.

Key audit matter	How our audit addressed the key audit matter
2. Impairment assessment of goodwill and property management contracts and customer relationships	
Refer to note 18 to the consolidated financial statements and accounting policies on page 97. As at 31 December 2023, the Group's goodwill and property management contracts and customer relationships were RMB998,670,000 and RMB636,609,000 respectively. As disclosed in note 18 to the consolidated financial statements, management assesses impairment of goodwill and property management contracts and customer relationships by estimating the recoverable amounts of the cash-generating units to which goodwill and property management contracts and customer relationships have been allocated. The value-in-use calculations require the Group to estimate the expected future cash flows of the cash-generating units, long-term growth rates and suitable discount rates. The Group engages an independent valuers to assist in the estimation. The key estimates involved in preparing the expected future cash flows include (i) expected growth rates of revenue; (ii) terminal growth rates; and (iii) pre-tax discount rates. We have identified impairment of goodwill and property management contracts and customer relationships as a key audit matter due to the overall significance of the balances to the consolidated financial statements, and the significant degree of estimation made by the Group for the recoverable amounts of the cash-generating units allocated to the goodwill and property management contracts and customer relationships.	Our procedures in relation to the managements judgements and estimates used in the impairment assessment of goodwill and property management contracts and customer relationships included: — Understand and evaluate over the impairment assessment of goodwill and property management contracts and customer relationships, and assess the inherent risks of material misstatements based on the degree of estimation uncertainty and level of other factors, such as complexity, subjectivity, change and susceptibility to management bias or fraud; — Evaluate the competency, capabilities and objectivity of the external valuer; — Challenge and evaluate the reasonableness of the key assumptions and input adopted by management through: (i) Evaluate the accuracy of historical cash flow forecasts, for example, comparing forecasts used last year with actual business performance in the current year; (ii) Evaluate the reasonableness of the key assumptions used in the cash flow forecasts, including expected growth rates of revenue by comparing with historial financial data and approved budgets; (iii) for terminal growth rates, we evaluate them with reference to long-term expected inflation rates based on our independent research; and (iv) Evaluate the pre-tax discount rate with reference to comparable listed companies based on our industry knowledge and independent research;

Key audit matter	How our audit addressed the key audit matter
	— Perform sample testing of source data, such as approved budgets and publicly available market data and consider their reasonableness; — Evaluate the reasonableness of management's sensitivity analysis of key assumptions to understand the impact of reasonable changes in assumptions on recoverable amounts; and — Evaluate whether the judgements made and key assumptions selected in choosing the method would give rise to signs of potential management bias.

OTHER INFORMATION CONTAINED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. Other information comprises the information included in the annual report other than 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 the other information, we are required to report that fact. We have nothing to report in this regard.

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

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The management assists the directors of the Company in fulfilling their responsibilities in overseeing the Group's consolidated 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. Our report is made solely to you, as a body, in accordance with the terms of our 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 that users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement 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 of the Company.

- Conclude on the appropriateness of the Company's 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the 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 the 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 estimate threats or safeguards applied.

From the matters communicated with the those charged with governance, we determine those 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 this independent auditor's report is Mr. Lee Kwok Lun.

Prism Hong Kong and Shanghai Limited
Certified Public Accountants

Lee Kwok Lun
Practising Certificate Number: P06294
Hong Kong
27 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	For the year ended 31 December 2023 RMB'000	2022 RMB'000
Revenue	8	**12,486,544**	11,809,176
Cost of sales		**(9,378,096)**	(9,090,093)
Gross profit		**3,108,448**	2,719,083
Other income	9	**206,650**	156,763
Other losses	10	**(151,294)**	(3,791)
Impairment losses on financial assets		**(140,172)**	(108,832)
Fair value (losses)/gains on investment properties		**(2,433)**	232
Administrative and marketing expenses		**(909,429)**	(777,358)
Operating profit		**2,111,770**	1,986,097
Fair value gains on financial assets at fair value through profit or loss		**48,455**	7,102
Finance costs	13	**(54,768)**	(56,202)
Profit before income tax		**2,105,457**	1,936,997
Income tax expenses	14	**(541,645)**	(458,423)
Profit for the year		**1,563,812**	1,478,574
Profit attributable to:			
– Owners of the Company		**1,541,199**	1,422,679
– Non-controlling interests		**22,613**	55,895
		1,563,812	1,478,574
Other comprehensive income			
Item that maybe reclassified subsequently to profit or loss			
Exchange difference arising on translation of financial statements of foreign operations		**518**	2,849
Total comprehensive income for the year		**1,564,330**	1,481,423
Total comprehensive income attributable to:			
– Owners of the Company		**1,541,717**	1,425,528
– Non-controlling interests		**22,613**	55,895
		1,564,330	1,481,423
Earning per share			
– Basic and diluted	15	**RMB0.14**	RMB0.13

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

	Notes	AT 31 DECEMBER 2023 RMB'000	2022 RMB'000
Assets			
Non-current assets			
Property and equipment	17	**58,643**	57,680
Right-of-use assets	29	**28,507**	69,255
Intangible assets	18	**1,646,599**	1,986,971
Investment properties	19	**5,220**	40,253
Investments accounted for using equity method	20	**39,615**	32,532
Deferred tax assets	31	**498,164**	65,836
Total non-current assets		**2,276,748**	2,252,527
Current assets			
Trade and other receivables	21	**3,508,637**	3,199,307
Prepayments	22	**31,495**	36,734
Inventories	23	**2,365**	–
Financial assets at fair value through profit or loss		**420,654**	3,180
Restricted cash	25	**125,667**	88,044
Cash and cash equivalents	24	**1,880,850**	1,567,979
Total current assets		**5,969,668**	4,895,244
Total assets		**8,246,416**	7,147,771
Equity			
Share capital	26	**7,060**	7,060
Reserves	27	**(6,082,397)**	(6,305,377)
Retained earnings		**5,607,762**	4,290,073
Equity attributable to owners of the Company		**(467,575)**	(2,008,244)
Non-controlling interests	35	**486,786**	495,479
Total equity (deficit)		**19,211**	(1,512,765)

		AT 31 DECEMBER	
		2023	2022
	Notes	RMB'000	RMB'000
Liabilities			
Non-current liabilities			
Borrowings	30	–	66,667
Other payables	34	177,852	–
Lease liabilities	29	18,181	124,784
Contingent consideration payables	34	2,753	51,208
Deferred tax liabilities	31	151,482	201,276
Total non-current liabilities		350,268	443,935
Current liabilities			
Contract liabilities	8	2,649,350	2,688,029
Trade and other payables	28	3,937,708	4,925,270
Current tax liabilities		1,187,544	278,068
Lease liabilities	29	102,335	142,201
Borrowings	30	–	183,033
Total current liabilities		7,876,937	8,216,601
Total liabilities		8,227,205	8,660,536
Total equity and liabilities		8,246,416	7,147,771

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 79 to 171 were approved by the Board of Directors andsigned on its behalf on 27 March 2024.

Duan Shengli
Director

Han Chao
Director

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company					
	Share Capital RMB'000	Reserves RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-contolling interest RMB'000	Total RMB'000
Balance at 31 December 2021	7,060	(6,824,318)	2,950,707	(3,866,551)	364,021	(3,502,530)
Balance at 1 January 2022	7,060	(6,824,318)	2,950,707	(3,866,551)	364,021	(3,502,530)
Profit for the year	–	–	1,422,679	1,422,679	55,895	1,478,574
Currency translation differences	–	2,849	–	2,849	–	2,849
	–	2,849	1,422,679	1,425,528	55,895	1,481,423
Transactions with owners of the Company						
Deemed disposal of equity interests in subsidiaries	–	–	–	–	75,563	75,563
Transfer to statutory reserves	–	83,313	(83,313)	–	–	–
Tax effect of equity transactions with ultimate holding company	–	402,000	–	402,000	–	402,000
Others	–	30,779	–	30,779	–	30,779
Balance at 31 December 2022	7,060	(6,305,377)	4,290,073	(2,008,244)	495,479	(1,512,765)
Balance at 1 January 2023	**7,060**	**(6,305,377)**	**4,290,073**	**(2,008,244)**	**495,479**	**(1,512,765)**
Profit for the year	**–**	**–**	**1,541,199**	**1,541,199**	**22,613**	**1,563,812**
Currency translation differences	**–**	**518**	**–**	**518**	**–**	**518**
	–	**518**	**1,541,199**	**1,541,717**	**22,613**	**1,564,330**
Transactions with owners of the Company						
Capital injection from non-controlling interest	**–**	**–**	**–**	**–**	**7,700**	**7,700**
Dividend distributed to non-controlling interest	**–**	**–**	**–**	**–**	**(39,006)**	**(39,006)**
Transfer to statutory reserve	**–**	**223,510**	**(223,510)**	**–**	**–**	**–**
Others	**–**	**(1,048)**	**–**	**(1,048)**	**–**	**(1,048)**
Balance at 31 December 2023	**7,060**	**(6,082,397)**	**5,607,762**	**(467,575)**	**486,786**	**19,211**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

	Notes	For the year ended 31 December 2023 RMB'000	2022 RMB'000
Cash flows of operating activities			
Net cash generated from operation	32	**1,435,912**	974,700
PRC enterprises income tax paid		**(114,291)**	(218,262)
Net cash from operating activities		**1,321,621**	756,438
Cash flows of investing activities			
Purchases of property and equipment	17	**(31,027)**	(32,837)
Proceeds from disposal of property and equipment		**3,640**	19,127
Purchases of intangible assets		**(5,473)**	(1,359)
Net payments for consideration payables for acquisition of subsidiaries in the prior years		**(176,831)**	(180,508)
Proceeds from disposal of joint ventures		**844**	5,100
Capital injection into associates		**(2,600)**	(5,500)
Purchases of financial assets at fair value through profit or loss		**(783,712)**	–
Proceeds from disposal of financial assets at fair value through profit or loss		**366,238**	–
Dividend income form associates		**3,294**	–
Dividend income form investment at fair value through profit or loss		**324**	–
Interest received		**16,228**	9,082
Net cash used in investing activities		**(609,075)**	(186,895)
Cash flows of financing activities			
Proceeds from borrowings		**–**	49,700
Repayments of borrowings		**(249,700)**	(100,000)
Principal portion of lease payments		**(100,207)**	(67,683)
Capital injection from non-controlling interest		**7,700**	–
Dividend distributed to non-controlling interest		**(39,006)**	–
Interest paid		**(10,869)**	(14,450)
Interest paid on lease liabilities		**(8,111)**	–
Net cash used in financing activities		**(400,193)**	(132,433)
Net increase in cash and cash equivalents		**312,353**	437,110
Cash and cash equivalents at beginning of year		**1,567,979**	1,130,154
Exchange gains on cash and cash equivalents		**518**	715
Cash and cash equivalents at end of year		**1,880,850**	1,567,979

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Evergrande Property Services Group Limited (the "**Company**") was incorporated in the Cayman Islands on 13 March 2020 as an exempted company with limited liability under the Companies Act (Cap. 22. Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company's ultimate holding company is China Evergrande Group, an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The Company and its subsidiaries (the "**Group**") are primarily engaged in the provision of property management services, community living services, asset management services and community operation services.

The consolidated financial statements is presented in Renminbi ("**RMB**") and rounded to nearest RMB'000, unless otherwise stated.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(i) Compliance with Hong Kong Financial Reporting Standards ("**HKFRSs**") and Hong Kong Companies Ordinance (Cap.622) ("**HKCO**")

The consolidated financial statements of the Company have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and disclosure requirements of the HKCO.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, financial assets at fair value through profit or loss and contingent consideration payables that are measured at fair values at the end of each reporting period.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 6.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

(iii) Going concern assumptions

As at 31 December 2023, the net current liabilities and net assets of the Group amounted to approximately RMB1,907,269,000 and approximately RMB19,211,000 respectively (as at 31 December 2022: net current liabilities at approximately RMB3,321,357,000 and net liabilities at approximately RMB1,512,765,000 respectively). The above matters indicated that the Group will need to secure a substantial amount of funds in the foreseeable future to finance these financial obligations under various contractual and other arrangements.

In view of the above circumstances, the Company have reviewed the Group's cash flow projections, which cover a period of not less than twelve months from 31 December 2023. In the oipinion of the directors, taking into account the following actions during the year ended 31 December 2023 and plans and measures to be taken, the Group will have sufficient working capital to meet its financial obligations up to 31 December 2024.

– The Group has reached agreements with certain creditors (including trade payables and related parties), agreeing not to demand immediate repayment of the liabilities when they fall due for the next twelve months from 31 December 2023;

– The Group has been actively negotiating with the creditors of consideration payable for business combinations to revise the repayment plan; and

– The directors of the Company are currently implementing and will continue to further implement cost control in operating and other expenses, in order to improve the operating and financial position of the Group.

On the basis that all these measures can be implemented successfully, the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as they fall due and accordingly the consolidated financial statements for the year ended 31 December 2023 has been prepared on a going concern basis.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

(iii) Going concern assumptions (continued)

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the assets to their net recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2023.

3. APPLICATION OF NEW AND AMENDMENTS TO THE HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	*Insurance Contracts*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform-Pillar Two model Rules*
Amendments to HKAS 1 and HKFRS Practice Statements 2	*Disclosure of Accounting Policies*

Except as described below, the application of the new and amendments to HKFRSs in the current year 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.

3. APPLICATION OF NEW AND AMENDMENTS TO THE HKFRSs (continued)

3.1 Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

3.2 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 4 to the consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO THE HKFRSs (continued)

Amendments to HKFRSs 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 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to HKAS 16	*Lease Liability in a Sale and Leaseback*[2]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*[2]
Amendments to HKAS 1	*Non-current Liabilities with Covenants*[2]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[2]
Amendments to HKAS 21	*Lack of Exchangeability*[3]

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

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

3 Effective for annual periods beginning on or after 1 January 2025.

The Group has already commenced an assessment of the impact of these new or revised standards and amendments. According to the preliminary assessment made by the Group, no significant impact on the financial performance and position of the Group is expected when they become effective.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

4.1 Principles of consolidation and equity accounting

4.1.1 Subsidiaries

Subsidiaries are entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statement of financial position respectively.

4.1.2 Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see 4.1.4 below), after initially being recognised at cost.

4.1.3 Joint arrangements

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has a joint venture only.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see 4.1.4 below), after initially being recognised at cost in the consolidated statement of financial position.

4.1.4 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 4.9.

4.1.5 Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.2 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group, if any
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.2 Business combination (continued)

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

4.3 Separate financial statements

In the Company's statement of financial position, the investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

4.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). Consolidated financial statements are presented in RMB, which is the Company's functional currency and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other losses.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.5 Foreign currency translation (continued)

(c) Group entities

The results and financial positions of the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities of each statement of financial position of the group entities are translated at the closing rate at the date of that statement of financial position;
- income and expenses of each statement of profit or loss and other comprehensive income of the group entities are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken into equity holders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

4.6 Property and equipment

Property and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.6 Property and equipment (continued)

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives or, in case of leasehold improvements, and certain leased properties, the shorter lease term, as follows:

— Owned properties	20 years
— Machinery	3-10 years
— Vehicles	3-10 years
— Furniture, fitting and equipment	3-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other income" in the statement of comprehensive income.

4.7 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Properties and land use right that are currently being constructed or developed for future use as investment property is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.7 Investment properties (continued)

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are recognised in profit or loss during the financial period in which they are incurred.

Changes in fair values of investment property are recognised in profit or loss.

If an investment property becomes owner-occupied or commences to be further developed for sale, it is reclassified as property, plant and equipment and land use right or properties under development, and its fair value at the date of change in use becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss to the extent the impairment provision previous made.

4.8 Intangible assets

*(a) **Goodwill***

Goodwill is measured as described in Note 4.2. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("**CGUs**") for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.8 Intangible assets (continued)

(b) Property management contracts and customer relationships

Property management contracts and customer relationships acquired in business combinations are recognised at fair value at the acquisition date. The property management contracts and customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful lives of the respective contracts. The expected useful lives of customer relationships is 10 years.

(c) Computer software

Acquired computer software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 2 to 3 years on a straight-line basis.

4.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.10 Investments and other financial assets

4.10.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

4.10.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.10 Investments and other financial assets (continued)

4.10.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

The Group only held debt instruments classified as financial assets at amortised costs.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

4.10.4 Impairment

The Group assesses on a forward-looking basis the expected credit losses ("**ECL**") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.10 Investments and other financial assets (continued)

4.10.4 Impairment (continued)

Impairment of other receivables are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

4.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

4.12 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

4.13 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

4.14 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and at banks.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.16 Trade and other payables

Trade and other payables represent liabilities for goods or services that have been acquired in the ordinary course of business from suppliers and amounts to be repaid from the Group to its counterparties. These amounts are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid to the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that part or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.18 Borrowing costs

All borrowing costs are recognised in the consolidated statements of comprehensive income in the period in which they incurred.

4.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised as “income tax expense” in the consolidated statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company’s subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.19 Current and deferred income tax (continued)

(b) Deferred income tax (continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.20 Employee benefits

(a) Pension obligations

The Group only operates defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.20 Employee benefits (continued)

(b) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

4.21 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.21 Provisions (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4.22 Revenue recognition

The Group provides property management services, community living services, asset management services and community operation services.

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.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.22 Revenue recognition (continued)

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.

When the Group is acting as a principal, the associated revenue is recognised in gross amount and when the Group is acting as an agent, the associated revenue is recognised in net amount.

Property management services

Property management services comprise basic property management services and value-added services to non-property owners. In respect of basic property management services, the Group bills a fixed amount on a monthly basis for services rendered and recognises revenue at the amount that the Group is entitled to bill, which corresponds directly to the value of performance completed. The Group's revenue is primarily derived from revenue from basic property management services for properties managed on a lump sum basis, whereby the Group is entitled to revenue based on the value of property management service fees received or receivable.

Value-added services to non-property owners comprise (i) pre-property management services, including cleaning, greening and repair and maintenance services, which are billed on a monthly basis, with revenue recognised over time when the services are provided; and (ii) home inspection and pre-delivery cleaning services for property developers, with revenue recognised when the services are provided and accepted by customers.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.22 Revenue recognition (continued)

Community living services

Revenue from community living services mainly comprises: (i) community group purchasing services, which involves purchasing goods from third-party suppliers and selling them to third- party customers, with revenue recognised on a gross basis when the third-party customer obtains control of the relevant goods; (ii) housekeeping services, which involves the provision of services such as household cleaning, laundry and in-home repairs, etc., to third parties, with revenue recognised when the services are provided and accepted by customers; (iii) home decoration and home furnishing, which refers to the provision of partial remodelling, wall treatment, whole-house renovation and other home improvement related services and turnkey services to customers, with revenue recognised when the services are provided and accepted by the customers; and (iv) revenue from other community convenience services, including direct drinking water, charging station services, etc., which is charged for each of the services provided and recognised when the relevant services are provided.

Asset management services

Revenue from asset management services mainly comprises: (i) rental income from leasing of car parking spaces from property developers and subletting of such car parking spaces to property owners; (ii) housing rental and sale services, whereby the Group provides intermediary services for transactions such as rental, purchase and sale of housings, and receives intermediary service fees from its customers in accordance with the contractual agreements; and (iii) management services for the sports and entertainment complexes, which operates sports and entertainment complexes mainly located in properties under management and charges service fees on a remuneration basis, which is based on a percentage of the revenue of the complexes. The Group receives a fee for each service provided and recognises it when the relevant services are provided.

Community operation services

Revenue from community operation services mainly comprises: (i) commissions on public resource management services, which are recognised over time during the period when the services are provided; revenue from other activities, which are recognised over time when the services are provided; and (ii) other community operation services revenue, which is charged for each service provided and recognised over time when the related services are provided.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.22 Revenue recognition (continued)

Community operation services (continued)

If a contract contains multiple services, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When either party to a contract has performed, the Group presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Incremental costs incurred to obtain a contact, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised.

When the difference between the transfer of the promised goods or services to customer and the payment by the customer is considered significant and implied financing components contained in certain contracts, the Group adjust the transaction price for the time value of money.

4.23 Earning per share

(a) Basic earning per share

Basic earning per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

(b) Diluted earning per share

Diluted earning per share adjusts the figures used in the determination of basic earning per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

4.24 Leases

A lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees

4.24 Leases (continued)

- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office equipment.

Rental income from operating leases where the Group is a lessor is recognised on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as rental income. The respective leased assets are included in the statement of financial position based on their nature.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.25 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

4.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

4.27 Inventories

Finished goods are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated subsequent production costs of completion and the estimated costs necessary to make the sale.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

5.1.1 Market risk

(i) Foreign exchange risk

The Group's normal operating activities are principally conducted in RMB since most of the operating entities are based in the PRC. The foreign exchange risk mainly arises from monetary assets of certain subsidiaries denominated in foreign currencies other than their functional currencies. The Group's foreign currency denominated monetary assets at the consolidated statement of financial position as at the years ended 31 December 2023 and 2022 are as follows:

Monetary assets	2023 RMB'000	2022 RMB'000
– HK$	**41,554**	39,235
– US$	**844**	13
	42,398	39,248

As at 31 December 2023 and 2022, if RMB had strengthened/weakened by 5% against the relevant foreign currencies with all other variables held constant, post-tax profit for the years ended 31 December 2023 and 2022 would have been approximately RMB1,590,000 and RMB1,472,000 lower/higher, respectively.

(ii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk for certain interest-bearing cash at banks. Cash at banks at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

As at 31 December 2023 and 2022, if the interest rate on cash at banks and restricted cash increased/decreased by 0.5% with all other variables held constant, the Group's post-tax profits for the year would have RMB7,508,000 high/lower and RMB6,195,000 higher/lower, as a result of the increase/decrease in interests derived from cash at banks at variable rates.

5. FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

5.1.2 Credit risk

The Group is exposed to credit risk in relation to its trade receivables, other receivables and cash deposits at banks. The carrying amounts of trade receivables, other receivables and cash deposits at banks represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) Risk management

For trade and other receivables, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for doubtful debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

(ii) Impairment

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the financial situation of individual property owner or the debtor
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor and individual property owner

5. FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

5.1.2 Credit risk (continued)

(ii) Impairment (continued)

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and principal repayments are 180 days past due	Lifetime expected losses
Non-performing	Interest and principal repayments are 365 days past due	Lifetime expected losses

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

5. FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

5.1.2 ***Credit risk*** *(continued)*

(ii) Impairment (continued)

Cash deposits at banks

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at banks with high credit rating. Management does not expect that there will be any significant losses from non-performance by these counterparties.

Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and aging. The expected credit losses also incorporate forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identifies money supply and change in gross domestic product in the PRC as the most relevant factors for forward looking adjustments for individual property owners and third party corporate customers, and has identified total population in the PRC and the percentage of broad money supply of gross domestic production as the most relevant factors for forward looking adjustments for related parties, and accordingly adjusts the historical loss rates based on expected changes in these factors.

5. FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

5.1.2 Credit risk (continued)

(ii) Impairment (continued)

Trade receivables (continued)

As of 31 December 2023 and 2022, the loss allowance provision for the trade receivables from individual property owners and third party corporate customers was determined as follows, respectively. The expected credit losses below also incorporated forward looking information.

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Trade receivables from individual property owners and third party corporate customers							
At 31 December 2023							
Expected loss rate	**3.23%**	**17.86%**	**35.38%**	**100.0%**	**100.0%**	**100.0%**	
Gross carrying amount (RMB'000)	**2,243,187**	**695,317**	**461,272**	**205,317**	**26,904**	**29,639**	**3,661,636**
Loss allowance provision (RMB'000)	**72,364**	**124,208**	**163,206**	**205,317**	**26,904**	**29,639**	**621,638**

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Trade receivables from individual property owners							
At 31 December 2022							
Expected loss rate	4%	16%	42%	100%	100%	100%	
Gross carrying amount (RMB'000)	1,933,929	550,981	229,058	31,359	16,515	18,872	2,780,714
Loss allowance provision (RMB'000)	77,357	88,157	96,204	31,359	16,515	18,872	328,464

5. FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

5.1.2 Credit risk (continued)

(ii) Impairment (continued)

Trade receivables (continued)

As at 31 December 2023 and 2022, the Group used external data method to assess the ECL of receivables from related parties which are mainly property developers. The ECL rate was 99% (2022: 99%) for the trade receivables from related parties. The loss allowance provision as at 31 December 2023 was RMB2,251,242,000 (2022: RMB2,455,691,000).

As at 31 December 2023, the ECL of the third party corporate customers was assessed based on the aging profiles together with the ECL of individual property owners. The loss allowance provision therefore was included in the table above.

As at 31 December 2022, the Group used external data method to assess the ECL of receivables from the third party corporate customers with gross carrying amount of RMB304,240,000 considering it provided more valid information to its financial information users. The ECL rate for trade receivables from such third party corporate customers was 8.5%. The loss allowance provision as at 31 December 2022 was RMB25,869,000.

Other receivables

The Group uses the expected credit loss model above to determine the expected loss provision for other receivables. As at 31 December 2023 and 2022, the Group has assessed the expected credit losses for other receivables for each category.

To measure the expected credit losses, other receivables have been grouped based on shared credit risk characteristics and the days past due.

5. FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

5.1.2 Credit risk (continued)

(ii) Impairment (continued)

Other receivables (continued)

As at 31 December 2023 and 2022, the loss allowance provision for trade and other receivables reconciles to the opening loss allowance for that provision as follows:

	Trade receivables		Other receivables	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	54,955	2,650,877	72,723	2,778,555
Impairment losses on financial assets	22,402	81,790	4,640	108,832
At 31 December 2022	77,357	2,732,667	77,363	2,887,387
(Reversal of) impairment losses on financial assets	(77,357)	140,213	77,316	140,172
At 31 December 2023	**–**	**2,872,880**	**154,679**	**3,027,559**

5. FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

5.1.3 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2023					
Lease liabilities	**112,078**	**5,630**	**11,231**	**3,478**	**132,417**
Trade and other payables (excluding accrued payroll liabilities and other tax payables)	**3,245,044**	**177,852**	**–**	**–**	**3,422,896**
	3,357,122	**183,482**	**11,231**	**3,478**	**3,555,313**

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2022					
Borrowings	193,492	72,801	–	–	266,293
Lease liabilities	151,751	71,906	46,997	14,307	284,961
Trade and other payables (excluding accrued payroll liabilities and other tax payables)	4,135,756	–	–	–	4,135,756
	4,480,999	144,707	46,997	14,307	4,687,010

5. FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

5.1.4 Fair value measurement of financial instruments

(a) Fair value hierarchy

The table below analyses financial instruments carried or presented at fair value, by level of the inputs to valuation techniques used to measure fair value. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2023				
Financial Assets				
Financial assets at fair value through profit or loss ("**FVTPL**")	**–**	**–**	**420,654**	**420,654**
Financial Liabilities				
Contingent consideration payables	**–**	**–**	**2,753**	**2,753**
At 31 December 2022				
Financial Assets				
Financial assets at FVTPL	–	–	3,180	3,180
Financial Liabilities				
Contingent consideration payables	–	–	51,208	51,208

5. FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

5.1.4 Fair value measurement of financial instruments (continued)

(b) Information about fair value measurements using significant unobservable inputs

Financial assets/ financial liabilities	Fair value as at 31 December 2023 RMB'000	Fair value as at 31 December 2022 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Financial assets					
Wealth management products	417,474	–	Level 3	Quote provided by a financial institute in Mainland China.	N/A as quantitative unobservable inputs are not developed by the Group.
Unlisted entity investment	3,180	3,180	Level 3	Adjusted net asset value method.	Discount factor of lack of marketability: 20% (2022: 20%). The higher the discount factor, the lower the fair value.
Financial liabilities					
Contingent consideration payables	2,753	51,208	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration, based on an appropriate discount rate.	Discount rate: 6.65% (2022: 6.65%). The higher the discount rate, the lower the fair value.

5. FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

5.1.4 Fair value measurement of financial instruments (continued)

(c) The following table presents the changes in level 3 financial instruments for the years ended 31 December 2023 and 2022:

	Financial Assets		Financial Liabilties
	Wealth management products RMB'000	Unlisted entity investment RMB'000	Contingent consideration payables RMB'000
At 1 January 2022	2,309	3,180	58,310
Fair value change recognised in profit or loss	(2,309)	–	(7,102)
At 31 December 2022	–	3,180	51,208
Additions	**783,712**	**–**	**–**
Fair value change recognised in profit or loss	**–**	**–**	**(48,455)**
Disposal	**(366,238)**	**–**	**–**
At 31 December 2023	**417,474**	**3,180**	**2,753**

5.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on the historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstance.

(a) Expected credit losses on receivables

The Group makes allowances on receivables based on assumptions about risk of default and expected loss rates. The Group used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and doubtful debt expenses in the periods in which such estimate has been changed. Details of the key assumptions and inputs used are disclosed in Note 21.

(b) Estimation of goodwill and property management contracts and customer relationships impairment

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining whether goodwill is impaired requires an estimation of the recoverable amount of cash-generated units to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The calculation requires the Group to estimate the future cash flows expected to arise from cash-generated units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash, a material impairment loss/further impairment loss may arise.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(b) Estimation of goodwill and property management contracts and customer relationships impairment (continued)

The Group assesses whether there are any indicators of impairment for property management contracts and customer relationships in accordance with the accounting policies as disclosed in Note 4.9 to the consolidated financial statements. In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the management has to assess whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence. If any such indication exists, the recoverable amounts of the asset would be determined as the greater of the fair value less costs of disposal and value in use, the calculations of which involve the use of estimates. Owing to inherent risk associated with estimations in the timing and amounts of the future cash flows and fair value less costs of disposal, the estimated recoverable amount of the asset may be different from the amount actually received and profit or loss could be affected by accuracy of the estimations.

(c) Estimation of the useful life of customer relationships identified in business combination

Customer relationships identified in the business combination on respective acquisition date is recognised as intangible assets. Customer relationships primarily related to the existing contracts of acquirees on the acquisition date. A large portion of the existing contracts of acquirees are with no specific expiration date. Based on past experience, termination or non-renewal of property management contracts with the property developers or property owners' association are uncommon. The Group thus estimates the useful life and determines the amortisation period of the customer relationships to be ten years based on the expected contract duration of the property management contracts.

(d) Current and deferred taxation

The Group is subject to corporate income taxes ("**CIT**") in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(d) Current and deferred taxation (continued)

Regarding the separate uncertain tax treatment for the enforcement of financial guarantees to the ultimate holding company, the Group considers the certain factors in determining the approach that better predicts the resolution of the uncertainty. The Group may reassess the judgement or estimates if the facts and circumstances on which the judgement or estimate was based change or as a result of new information that affects the judgement or estimate.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

7. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

During the years ended 31 December 2023 and 2022, the Group is principally engaged in the provision of property management services, community living services, asset management services and community operation services in the PRC. Management reviews the operating results of the business as a single operating segment as the nature of services, the type of customers for services, the method used to provide their services and the nature of regulatory environment is the same in different regions.

The principal operating entities of the Group are domiciled in the PRC and the majority of revenue is derived in the PRC during the years ended 31 December 2023 and 2022.

As at 31 December 2023 and 2022, the majority of the non-current assets of the Group were located in the PRC.

8. REVENUE

Revenue mainly comprises of proceeds from property management services, community living services, asset management services and community operation services. An analysis of the Group's revenue by category for the years ended 31 December 2023 and 2022 is as follows:

	2023 RMB'000	2022 RMB'000
Property management services		
– Basic property management services	**10,227,388**	9,440,560
– Value-added services to non-property owners	**91,130**	88,093
	10,318,518	9,528,653
Community living services	**809,252**	624,159
Asset management services	**740,369**	707,779
Community operation services	**618,405**	948,585
	12,486,544	11,809,176
Timing of revenue recognition		
– Over time	**11,779,227**	11,255,221
– At a point in time	**707,317**	553,955
	12,486,544	11,809,176

8. REVENUE (continued)

	2023 RMB'000	2022 RMB'000
Type of customers		
– Related parties (Note 36)	**113,712**	140,523
– Third parties	**12,372,832**	11,668,653
	12,486,544	11,809,176

In the current year, the Group reorganised its internal reporting structure which resulted in changes to the categories of revenue. Prior year revenue disclosures have been represented to conform with the current year's presentation.

For the years ended 31 December 2023 and 2022, revenue provided by the Group to the fellow subsidiaries and joint ventures of China Evergrande Group, contributed 0.9% and 1.2% of the Group's revenue, respectively.

Other than the fellow subsidiaries and joint ventures of China Evergrande Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the years ended 31 December 2023 and 2022.

(a) Contract liabilities

i. ***The Group has recognised the following revenue-related contract liabilities:***

	At 31 December		At 1 January
	2023 RMB'000	2022 RMB'000	2022 RMB'000
Contract liabilities			
– Basic property management services	**2,582,650**	2,654,505	2,891,673
– Community living services	**13,535**	9,918	17,341
– Asset management services	**19,072**	6,043	79,945
– Community operation services	**34,093**	17,563	91,190
	2,649,350	2,688,029	3,080,149

8. REVENUE (continued)

(a) Contract liabilities (continued)

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.

	2023 RMB'000	2022 RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
– Basic property management services	**2,330,815**	2,397,850
– Community living services	**9,918**	17,341
– Asset management services	**6,043**	79,945
– Community operation services	**17,563**	91,190
	2,364,339	2,586,326

(b) Unsatisfied performance obligations

For basic property management services and value-added services to non-property owners, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis or settlement cycle. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts. The majority of the basic property management services contracts do not have a fixed term. The term of the contracts with non-property owners is generally set to expire when the counterparties notify the Group that the services are no longer required.

For community living services, asset management services and community operation services, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

(c) Assets recognised from incremental costs to obtain a contract

During the years ended 31 December 2023 and 2022, there was no significant incremental costs to obtain a contract.

9. OTHER INCOME

	2023 RMB'000	2022 RMB'000
Government grants (Note a)	**92,216**	119,653
Income from compensation of non-fulfilment of performance guarantee (Note b)	**29,216**	–
Income from overdue fine	**15,801**	4,258
Interest income	**16,228**	9,082
Share of profits in associates and joint ventures	**8,621**	2,892
Others	**44,568**	20,878
	206,650	156,763

Notes:

(a) Government grants mainly consisted of additional input value-added tax deduction, tax refund for employment of retired soldiers and refund of paid unemployment insurance. There were no unfulfilled conditions or contingencies attached to the grants.

(b) As some of the acquired target companies failed to complete the performance guarantee, the consideration payment of approximately RMB29,216,000 should be deducted in accordance with the terms of the Equity Transfer Agreement and recognised as other income in current year.

10. OTHER LOSSES

	2023 RMB'000	2022 RMB'000
Net foreign exchange gains	**(213)**	(2,328)
Impairment loss on goodwill	**145,602**	–
Impairment loss on other intangible assets	**5,736**	6,119
Loss on disposal of investment properties	**169**	–
	151,294	3,791

11. EXPENSES BY NATURE

	2023 RMB'000	2022 RMB'000
Employee benefit expenses (Note 12)	**5,627,747**	5,329,374
Greening and cleaning expenses	**1,756,609**	1,758,697
Maintenance costs	**790,811**	777,346
Utilities	**539,045**	522,792
Short-term and low value lease expenses	**169,421**	172,306
Tax and other levies	**58,658**	71,417
Office expenses	**92,899**	128,780
Travelling and entertainment expenses	**58,923**	43,578
Costs of security	**54,553**	66,268
Depreciation and amortisation charges	**222,470**	355,073
Community activities expenses	**51,661**	38,558
Bank charges	**25,521**	22,609
Uniform costs	**14,792**	13,356
Auditors' remuneration	**4,850**	4,500
Service fees	**167,533**	224,115
Professional fees	**64,185**	39,144
Penalties and overdue payments	**147,160**	41,724
Costs of goods sold	**387,814**	199,880
Others	**52,873**	57,934
	10,287,525	9,867,451

12. EMPLOYEE BENEFIT EXPENSES

	2023 RMB'000	2022 RMB'000
Salaries, bonuses and other benefits	**5,211,783**	4,870,730
Contribution to pension scheme (Note a)	**415,964**	458,644
	5,627,747	5,329,374

12. EMPLOYEE BENEFIT EXPENSES (continued)

Notes:

(a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the prior year employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

(b) Directors' and chief executive's emoluments

The remuneration of each director for the year ended 31 December 2023 is set out below:

	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonus RMB'000	Contribution to pension scheme RMB'000	Total RMB'000
Executive directors					
Mr. Han Chao (v)	95	965	135	42	1,237
Mr. Hu Xu (v)	95	657	105	40	897
Mr. Hu Liang (vi)	86	986	179	43	1,294
Mr. Wang Zhen (vi)	86	–	–	–	86
Ms. Yu Fen (iii)	–	887	35	43	965
Mr. Duan Shengli (iii)	–	20	2	–	22
Mr. Lv Peimei (iii)	–	–	–	–	–
Non-executive directors					
Mr. Sang Quan (vii)	95	–	–	–	95
Mr. Lin Wuchang (vii)	95	–	–	–	95
Independent non-executive directors					
Mr. Guo Zhaohui (viii)	333	–	–	–	333
Ms. Wen Yanhong	449	–	–	–	449
Mr. Peng Liaoyuan (ii)	449	–	–	–	449
Mr. Dong Xinyi (viii)	117	–	–	–	117

12. EMPLOYEE BENEFIT EXPENSES (continued)

(b) Directors' and chief executive's emoluments (continued)

The remuneration of each director for the year ended 31 December 2022 is set out below:

	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonus RMB'000	Contribution to pension scheme RMB'000	Total RMB'000
Executive directors					
Mr. Zhen Litao (iv)	101	560	134	19	814
Mr. Zhao Changlong (iv)	101	560	100	25	786
Mr. Hu Liang	180	960	279	42	1,461
Ms. An Lihong (iv)	101	405	–	–	506
Mr. Wang Zhen	180	–	–	–	180
Ms. Yu Fen (iii)	–	840	41	42	923
Mr. Duan Shengli (iii)	–	–	–	–	–
Mr. Lv Peimei (iii)	–	–	–	–	–
Independent non-executive directors					
Mr. Chan Chun Hung (i)	44	–	–	–	44
Mr. Guo Zhaohui (viii)	412	–	–	–	412
Mr. Peng Liaoyuan (ii)	368	–	–	–	368
Ms. Wen Yanhong	412	–	–	–	412

(i) Mr. Chan Chun Hung resigned as an independent non-executive director of the Company on 9 February 2022.

(ii) Mr. Peng Liaoyuan was appointed as an independent non-executive director of the Company on 9 February 2022.

(iii) Ms.Yu Fen, Mr. Duan Shengli and Mr. Lv Peimei were appointed as executive directors of the Company on 22 July 2022. Ms. Yu Fen and Mr. Lv Peimei resigned as executive directors of the Company on 21 June 2023.

(iv) Mr. Zhen Litao, Mr. Zhao Changlong and Ms. An Lihong resigned as executive directors of the Company on 22 July 2022.

(v) Mr. Han Chao and Mr. Hu Xu were appointed as executive directors of the Company on 21 June 2023.

(vi) Mr. Hu Liang and Mr. Wang Zhen resigned as executive directors of the Company on 21 June 2023.

(vii) Mr. Sang Quan and Mr. Lin Wuchang were appointed as non-executive directors of the Company on 21 June 2023.

(viii) Mr. Dong Xinyi was appointed as an independent non-executive director of the Company on 27 September 2023. Mr. Guo Zhaohui resigned as an independent non-executive director of the Company on 27 September 2023.

12. EMPLOYEE BENEFIT EXPENSES (continued)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2023 included zero (2022: one) director, whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining individuals are as follows:

	2023 RMB'000	2022 RMB'000
Salaries and other emoluments	**5,660**	3,560
Discretionary bonus	**15,063**	1,248
Contribution to pension scheme	**157**	146
	20,880	4,954

The emoluments of the remaining individuals of the Group fell within the following bands:

	2023 Number of Individuals	2022 Number of individuals
Emolument bands		
HK$1,000,001 to HK$2,000,000	**–**	4
HK$2,000,001 to HK$3,000,000	**–**	–
HK$3,000,001 to HK$4,000,000	**2**	–
HK$4,000,001 to HK$5,000,000	**2**	–
HK$5,000,001 to HK$6,000,000	**–**	–
HK$6,000,001 to HK$7,000,000	**1**	–

(d) Directors' retirement and termination benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries' undertaking during the years ended 31 December 2023 and 2022. No payment was made to the directors as compensation for early termination of appointment during the years ended 31 December 2023 and 2022.

During the year, no inducement had been given for the highly remunerated individual to join the Group and no payment had been made or was due to the highly remunerated individual upon joining the Group.

12. EMPLOYEE BENEFIT EXPENSES (continued)

(e) Consideration provided to their parties for making available directors' services

No payment was made to any former employers of the directors and former directors for making available the services of them as a director of the Company during the years ended 31 December 2023 and 2022.

(f) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no other loans, quasi-loans and other dealings in favour of the directors, controlled bodies corporate by and connected entities with such directors during the years ended 31 December 2023 and 2022.

(g) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2023 and 2022.

13. FINANCE COSTS

	2023 RMB'000	2022 RMB'000
Interest on borrowings	**10,869**	14,450
Interest on lease liabilities	**987**	7,124
Interest on consideration payables	**3,705**	9,521
Other finance costs (Note a)	**39,207**	25,107
	54,768	56,202

Note a: Other finance costs represented the finance expenses contained in the one-off discount offered by the Group to the individual property owners for their advanced payments of property management fees.

14. INCOME TAX EXPENSES

	2023 RMB'000	2022 RMB'000
Current tax	**621,767**	428,098
Deferred tax	**(80,122)**	30,325
	541,645	458,423

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries in the British Virgin Islands ("**BVI**") were incorporated under the International Business Companies Act of the BVI and accordingly, are exempted from British Virgin Island income tax.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the current period in respect of operations in Hong Kong.

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate is 25% for the years ended 31 December 2023 and 2022. Certain subsidiaries and branches of the Group in the PRC are located in western cities, and they are subject to a preferential income tax rate of 15% during the years ended 31 December 2023 and 2022. The subsidiaries and branches of the Group located in Hainan Province are qualified to enjoy the preferential income tax rate of 15% since 1 January 2020.

14. INCOME TAX EXPENSES (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group entities as follows:

	2023 RMB'000	2022 RMB'000
Profit before income tax	**2,105,457**	1,936,997
Tax calculated at applicable corporate income tax rate of 25%	**526,364**	484,249
Tax effect of income not subject to tax	**(17,950)**	(31,734)
Tax effect of expenses of not deductible for taxation purposes	**59,598**	26,958
Tax effect of different tax rates applicable to certain subsidiaries	**(26,367)**	(21,050)
	541,645	458,423

15. EARNING PER SHARE

Basic earning per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares during the years ended 31 December 2023 and 2022.

The Company did not have any potential ordinary shares outstanding during the years ended 31 December 2023 and 2022.

	2023	2022
Profit attributable to owners of the Company (RMB'000)	**1,541,199**	1,422,679
Weighted average number of ordinary shares in issue (in thousands)	**10,810,811**	10,810,811
Basic and diluted earning per share	**RMB0.14**	RMB0.13

16. DIVIDENDS

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

17. PROPERTY AND EQUIPMENT

	Property RMB'000	Machinery RMB'000	Vehicles RMB'000	Furniture, fitting and equipment RMB'000	Total RMB'000
As at 1 January 2023					
Cost	4,391	51,150	47,169	142,812	245,522
Accumulated depreciation	(850)	(39,556)	(32,910)	(114,526)	(187,842)
Opening net book amount	3,541	11,594	14,259	28,286	57,680
Additions	3,238	7,006	7,502	13,281	31,027
Disposals	(1,894)	(447)	(159)	(1,211)	(3,711)
Depreciation charge	(1,067)	(3,341)	(8,014)	(13,931)	(26,353)
Closing net carrying amount	3,818	14,812	13,588	26,425	58,643
As at 31 December 2023					
Cost	7,629	58,156	54,671	156,093	276,549
Accumulated depreciation	(3,811)	(43,344)	(41,083)	(129,668)	(217,906)
Net carrying amount	3,818	14,812	13,588	26,425	58,643

17. PROPERTY AND EQUIPMENT (continued)

	Property RMB'000	Machinery RMB'000	Vehicles RMB'000	Furniture, fitting and equipment RMB'000	Total RMB'000
As at 1 January 2022					
Cost	3,605	45,048	36,810	127,222	212,685
Accumulated depreciation	(249)	(31,782)	(17,894)	(92,088)	(142,013)
Opening net book amount	3,356	13,266	18,916	35,134	70,672
Additions	786	6,102	10,359	15,590	32,837
Disposals	–	(3,371)	(6,387)	(9,369)	(19,127)
Depreciation charge	(601)	(4,403)	(8,629)	(13,069)	(26,702)
Closing net carrying amount	3,541	11,594	14,259	28,286	57,680
As at 31 December 2022					
Cost	4,391	51,150	47,169	142,812	245,522
Accumulated depreciation	(850)	(39,556)	(32,910)	(114,526)	(187,842)
Net carrying amount	3,541	11,594	14,259	28,286	57,680

Depreciation expenses were charged to the following categories in the consolidated statement of profit or loss and other comprehensive income:

	2023 RMB'000	2022 RMB'000
Cost of sales	**17,648**	17,792
Administrative expenses	**8,705**	8,910
	26,353	26,702

No property and equipment is restricted or pledged as security as at 31 December 2023 and 2022.

18. INTANGIBLE ASSETS

	Computer software RMB'000	Property management contracts and customer relationships RMB'000	Goodwill RMB'000	Total RMB'000
As at 1 January 2023				
Cost	21,724	1,195,199	1,738,218	2,955,141
Accumulated amortisation and impairment losses	(11,101)	(363,123)	(593,946)	(968,170)
Net carrying amount	10,623	832,076	1,144,272	1,986,971
Year ended 31 December 2023				
Opening net carrying amount	10,623	832,076	1,144,272	1,986,971
Additions	5,473	–	–	5,473
Amortisation	(4,776)	(189,731)	–	(194,507)
Impairment	–	(5,736)	(145,602)	(151,338)
Closing net carrying amount	11,320	636,609	998,670	1,646,599
As at 31 December 2023				
Cost	27,197	1,195,199	1,738,218	2,960,614
Accumulated amortisation and impairment losses	(15,877)	(558,590)	(739,548)	(1,314,015)
Net carrying amount	11,320	636,609	998,670	1,646,599

18. INTANGIBLE ASSETS (continued)

	Computer software RMB'000	Property management contracts and customer relationships RMB'000	Goodwill RMB'000	Total RMB'000
As at 1 January 2022				
Cost	20,365	1,195,199	1,755,428	2,970,992
Accumulated amortisation and impairment losses	(6,347)	(165,422)	(593,946)	(765,715)
Net carrying amount	14,018	1,029,777	1,161,482	2,205,277
Year ended 31 December 2022				
Opening net carrying amount	14,018	1,029,777	1,161,482	2,205,277
Additions	1,359	–	–	1,359
Measurement period adjustment	–	–	(17,210)	(17,210)
Amortisation	(4,754)	(191,582)	–	(196,336)
Impairment	–	(6,119)	–	(6,119)
Closing net carrying amount	10,623	832,076	1,144,272	1,986,971
As at 31 December 2022				
Cost	21,724	1,195,199	1,738,218	2,955,141
Accumulated amortisation and impairment losses	(11,101)	(363,123)	(593,946)	(968,170)
Net carrying amount	10,623	832,076	1,144,272	1,986,971

18. INTANGIBLE ASSETS (continued)

(a) Amortisation of intangible assets has been charged to the following categories in the consolidated statement of profit or loss and other comprehensive income:

	2023 RMB'000	2022 RMB'000
Cost of sales	**189,731**	191,582
Administrative expenses	**4,776**	4,754
	194,507	196,336

(b) No intangible asset is restricted or pledged as security as at 31 December 2023 and 2022.

(c) Goodwill and property management contracts and customer relationships

For the purpose of impairment testing, goodwill and property management contracts and customer relationships arising on business combinations as set out above was allocated, at acquisition, to eleven (2022: eleven) CGUs.

As the result of management assessment, impairment provision of RMB5,736,000 (2022: RMB6,119,000) was recognised on property management contracts and customer relationships for the year ended 31 December 2023 and impairment provision of RMB145,602,000 (2022: nil) was recognised on goodwill for the year ended 31 December 2023.

The recoverable amounts of the CGUs have been determined by value-in-use calculations using cash flow projections based on financial budgets covering a five-year period approved by senior management. The management considered the calculation based on the current condition. The financial budgets are prepared based on a five-year business plan considering the past performance, achievement of the medium or long-term growth target. The financial budgets have also taken into consideration the developments of property management business in PRC, including changes in the customer mix as well as the resulting changes to expected costs and margins. The value-in-use calculations was reviewed by independent qualified valuer, Greater China Appraisal (Shanghai) Limited. The key assumptions used for the calculation are as follows:

	For the year ended 31 December 2023	For the year ended 31 December 2022
Expected growth rate of revenue	**-50%-34%**	-56.1%-4%
Pre-tax discount rate	**18%-24%**	14%-17%
Terminal growth rate	**2%**	2%

19. INVESTMENT PROPERTIES

	Commercial properties RMB'000	Carparks RMB'000	Total RMB'000
As at 1 January 2022	35,901	4,120	40,021
Fair value gain/(loss) on investment properties	290	(58)	232
As at 31 December 2022	36,191	4,062	40,253
Fair value loss on investment properties	(2,433)	–	(2,433)
Disposal	(32,600)	–	(32,600)
As at 31 December 2023	1,158	4,062	5,220

(a) Valuation processes of the Group

The Group measures its investment properties at fair value. The fair value of the Group's investment properties has been determined on the basis of valuation carried out by an independent and professionally qualified valuer. Discussions of valuation processes and results are held between the management and the valuer at least once every six months, in line with the Group's interim and annual reporting dates.

Valuations were based on direct comparison approach is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.

19. INVESTMENT PROPERTIES (continued)

(b) Information about fair value measurements using significant unobservable inputs

Properties category	Fair value hierarchy	Fair value as at 31 December 2023 RMB'000	Valuation technique and key inputs	Significant unobservable inputs	Range	Relationship of key inputs and significant unobservable inputs to fair value
Commercial Properties	Level 3	**1,158**	Market comparison approach - by reference to average of recent transaction prices of similar properties, adjusted for nature, location and properties size	Adjusted price per square meter (RMB/sq.m.)	1,300-1,550	The higher the market unit rate, the higher the fair value
Carparks	Level 3	**4,062**	Market comparison approach - by reference to average of recent transaction prices of similar properties, adjusted for location	Adjusted price per square meter (RMB/sq.m.)	15,000	The higher the market unit rate, the higher the fair value

19. INVESTMENT PROPERTIES (continued)

(b) Information about fair value measurements using significant unobservable inputs (continued)

Properties category	Fair value hierarchy	Fair value as at 31 December 2022 RMB'000	Valuation technique and key inputs	Significant unobservable inputs	Range	Relationship of key inputs and significant unobservable inputs to fair value
Commercial Properties	Level 3	36,191	Market comparison approach - by reference to average of recent transaction prices of similar properties, adjusted for nature, location and properties size	Adjusted price per square meter (RMB/sq.m.)	30,969-33,539	The higher the market unit rate, the higher the fair value
Carparks	Level 3	4,062	Market comparison approach - by reference to average of recent transaction prices of similar properties, adjusted for location	Adjusted price per square meter (RMB/sq.m.)	15,000	The higher the market unit rate, the higher the fair value

(c) The following amounts have been recognised in the consolidated statement of profit or loss and other comprehensive income:

	2023 RMB'000	2022 RMB'000
Rental income	**14**	1,319
Direct operating expenses arising from investment properties that generate rental income	**–**	(252)
	14	1,067

19. INVESTMENT PROPERTIES (continued)

(d) The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	2023 RMB'000	2022 RMB'000
Not later than one year	**14**	1,319
Later than one year and not later than five years	**–**	5,597
Later than five years	**–**	4,623
	14	11,539

20. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	2023 RMB'000	2022 RMB'000
Investments in associates	**37,065**	29,138
Investments in joint ventures	**2,550**	3,394
	39,615	32,532

The amounts recognised in profit and loss are as follows:

	2023 RMB'000	2022 RMB'000
Share of total comprehensive income of associates	**8,621**	3,003
Share of total comprehensive expenses of joint ventures	**–**	(111)
	8,621	2,892

(a) Investments in associates

The movements of the investments in associates are as follows:

	2023 RMB'000	2022 RMB'000
As at 1 January	**29,138**	20,635
Additions	**2,600**	5,500
Share of total comprehensive income of associates, net of dividends received/declared	**5,327**	3,003
As at 31 December	**37,065**	29,138

20. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

(a) Investments in associates (continued)

Details of the principal associates as at the end of the reporting period are as follows:

Name of company	Form of entity	Place of Incorporation and operation	Particulars of issued and paid up capital/registered capital	Proportion of ownership interest held by the Group	Principal activity
Shangrao Asia Pacific Property Services Limited* (上饒市亞太物業服務有限公司)	Limited liability company	PRC	RMB5,000,000	35%	Provision of property management services
Ningbo Jingsheng City Integrated Property Services Limited* (寧波市景勝城市綜合物業服務有限公司)	Limited liability company	PRC	RMB50,000,000	35%	Provision of property management services
Linhai Yucheng Property Services Limited* (臨海市昱誠物業服務有限公司)	Limited liability company	PRC	RMB5,000,000	49%	Provision of property management services
Ningbo Chunjiang Property Services Limited* (寧波春江物業服務有限公司)	Limited liability company	PRC	RMB10,000,000	40%	Provision of property management services
Jiangxi Taixin Health Care Services Limited* (江西泰心康護護理服務有限公司)	Limited liability company	PRC	RMB2,000,000	49%	Provision of property management services

* English name for identification only

The associates were accounted for using the equity method in the consolidated financial statements.

There is no individually material associate which significantly affects the results and net assets of the Group as at 31 December 2023 and 2022.

20. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

(b) Investments in joint ventures

The movements of the investments in joint ventures are as follows:

	2023 RMB'000	2022 RMB'000
As at 1 January	**3,394**	8,605
Disposal	**(844)**	(5,100)
Share of post-tax profits of joint ventures	**–**	(111)
As at 31 December	**2,550**	3,394

Details of the principal joint venture as at the end of the reporting period are as follows:

Name of company	Form of entity	Place of Incorporation and operation	Particulars of issued and paid up capital/registered capital	Proportion of ownership interest held by the Group	Principal activity
Hainan Hengchen Property Services Limited* (海南恒辰物業服務有限公司)	Limited liability company	PRC	RMB5,000,000	51%	Provision of property management services

* English name for identification only

The joint ventures were accounted for using the equity method in the consolidated financial statements.

There is no individually material joint venture which significantly affects the results and net assets of the Group as at 31 December 2023 and 2022.

21. TRADE AND OTHER RECEIVABLES

	2023 RMB'000	2022 RMB'000
Trade receivables (Note i)	**3,046,591**	2,739,020
Value-added tax recoverable	**34,810**	22,985
Other receivables (Note ii)	**427,236**	437,302
	3,508,637	3,199,307

(i) Trade receivables

	2023 RMB'000	2022 RMB'000
Trade receivables		
Related parties (Note 36)	**2,257,835**	2,464,090
Third parties	**3,661,636**	3,084,954
Gross trade receivables	**5,919,471**	5,549,044
Less: allowance for impairment of trade receivables		
– Related parties (Note 36)	**(2,251,242)**	(2,455,691)
– Third parties	**(621,638)**	(354,333)
	3,046,591	2,739,020

21. TRADE AND OTHER RECEIVABLES (continued)

(ii) Other receivables

	2023 RMB'000	2022 RMB'000
Ultimate holding company		
– Financial guarantees	**13,400,000**	13,400,000
Less:		
– Enforcement of financial guarantees pledged	**(13,400,000)**	(13,400,000)
	–	–
Other related parties (Note 36)	**11,716**	11,770
Third parties		
– Payments on behalf of property owners (Note c)	**395,058**	296,749
– Deposits	**115,957**	153,044
– Others	**59,184**	53,102
Gross other receivables	**581,915**	514,665
Less: allowance for impairment of other receivables		
– Third parties	**(154,679)**	(77,363)
Total other receivables	**427,236**	437,302

21. TRADE AND OTHER RECEIVABLES (continued)

(ii) Other receivables (continued)

Notes:

(a) Trade receivables mainly arise from basic property management services income under lump sum basis. Basic property management services income is received in accordance with the terms of the relevant services agreements.

(b) As at 31 December 2023 and 2022, the aging analysis of the trade receivables based on date of revenue recognition and net of loss allowance was as follows:

	2023 RMB'000	2022 RMB'000
0 to 180 days	**1,563,624**	1,543,731
181-365 days	**613,792**	546,284
1 to 2 years	**571,109**	505,592
2 to 3 years	**298,066**	142,722
Over 3 years	**—**	691
	3,046,591	2,739,020

(c) Payments on behalf of property owners mainly represented utilities costs of properties.

(d) As at 31 December 2023 and 2022, trade and other receivables were denominated in RMB and the carrying amounts of trade and other receivables approximate their fair values.

22. PREPAYMENTS

	2023 RMB'000	2022 RMB'000
Prepayments to suppliers		
Related parties (Note 36)	**1,439**	1,581
Third parties	**30,056**	35,153
	31,495	36,734

23. INVENTORIES

As at the end of the reporting period, inventories of RMB2,365,000 (2022: nil) represented finished goods for the sales on the online shopping platform and the parts for lift repair and maintenance in which no allowance made as at 31 December 2023 (2022: nil).

24. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represents cash at banks which earns interest at floating rates based on daily bank deposit rates and cash on hand. The carrying amounts of the cash and cash equivalents approximate their fair values.

	2023 RMB'000	2022 RMB'000
Cash at bank	**1,876,438**	1,563,871
Cash on hand	**4,412**	4,108
	1,880,850	1,567,979

(a) The carrying amounts of cash and cash equivalents were denominated in the following currencies:

	2023 RMB'000	2022 RMB'000
RMB	**1,856,860**	1,528,731
US$	**844**	13
HK$	**23,146**	39,235
	1,880,850	1,567,979

(b) The conversion of RMB denominated deposits placed in banks in the PRC into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

25. RESTRICED CASH

Restricted cash mainly represents (i) industry regulated funds of Evergrande Insurance Agency Co., Ltd.; (ii) deposits for the provision of property management services as required by local government authorities; (iii) cash restricted to projects managed on a remuneration basis only; and (iv) funds for litigation preservation of some subsidiaries.

26. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares USD'000	Equivalent nominal value of ordinary shares RMB'000
Authorised:			
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	100,000,000,000	10,000	70,000
Issued:			
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	10,810,811,000	1,081	7,060

27. RESERVES

	Share premium RMB'000	Statutory reserves RMB'000	Capital reserves RMB'000	Exchange reserves RMB'000	Total RMB'000
Balance at 1 January 2023	5,944,185	504,384	(12,756,202)	2,256	(6,305,377)
Transfer to statutory reserve (Note a)	–	223,510	–	–	223,510
Currency translation difference	–	–	–	518	518
Others	–	–	(1,048)	–	(1,048)
Balance at 31 December 2023	5,944,185	727,894	(12,757,250)	2,774	(6,082,397)

27. RESERVES (continued)

	Share premium RMB'000	Statutory reserves RMB'000	Capital reserves RMB'000	Exchange reserves RMB'000	Total RMB'000
Balance at 1 January 2022	5,944,185	421,071	(13,188,981)	(593)	(6,824,318)
Transfer to statutory reserve (Note a)	–	83,313	–	–	83,313
Tax effect of equity transactions with ultimate holding company	–	–	402,000	–	402,000
Currency translation difference	–	–	–	2,849	2,849
Others	–	–	30,779	–	30,779
Balance at 31 December 2022	5,944,185	504,384	(12,756,202)	2,256	(6,305,377)

Note a: Statutory reserves

In accordance with relevant rules and regulations in the PRC and the Company's Articles of Association, companies incorporated in PRC are required to transfer no less than 10% of their profit after taxation calculated under PRC accounting standards and regulations to the statutory reserve funds, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve funds can only be used, upon approval by the relevant authority, to offset previous years' losses or to increase the capital of respective companies.

28. TRADE AND OTHER PAYABLES

	2023 RMB'000	2022 RMB'000
Trade payable (Note a)		
Related parties (Note 36)	**375,003**	267,345
Third parties	**1,040,364**	1,646,059
	1,415,367	1,913,404
Accrued payroll	**521,055**	574,926
Other payables		
Amounts temporarily received from/on behalf of property owners or lessors (Note b)	**350,663**	348,124
Deposits	**405,714**	337,690
Other tax payables	**171,609**	214,588
Consideration payables for business combinations	**595,394**	772,225
Others	**655,758**	764,313
	2,179,138	2,436,940
	4,115,560	4,925,270
Less: Non-current portion	**(177,852)**	–
Current portion	**3,937,708**	4,925,270

28. TRADE AND OTHER PAYABLES (continued)

Notes:

(a) As at 31 December 2023 and 2022, the aging analysis of the trade payables based on goods and services received was as follows:

	2023 RMB'000	2022 RMB'000
Up to 1 year	**1,106,311**	1,661,300
1 to 2 years	**232,988**	209,330
2 to 3 years	**62,917**	35,599
More than 3 years	**13,151**	7,175
	1,415,367	1,913,404

(b) The amounts mainly represented utilities expenses temporarily collected from the property owners to be paid to related service providers and rental income collected from leases to be returned to the property owners.

(c) As at 31 December 2023 and 2022, trade and other payables were denominated in RMB and the carrying amounts of trade and other payables approximate their fair values.

29. LEASE

(a) Right-of-use assets

	2023 RMB'000	2022 RMB'000
As at 1 January		
Cost	**346,955**	418,681
Accumulated depreciation	**(277,700)**	(230,258)
Net carrying amount	**69,255**	188,423
As at 31 December		
Opening net book amount	**69,255**	188,423
Additions	**9,693**	63,573
Termination	**(48,831)**	(50,706)
Depreciation	**(1,610)**	(132,035)
Closing net carrying amount	**28,507**	69,255
As at 31 December		
Cost	**307,817**	346,955
Accumulated depreciation	**(279,310)**	(277,700)
Net carrying amount	**28,507**	69,255

For both years, the Group leases offices, dormitories, car parks and shops for its operations. Majority of the lease contracts are entered into for lease terms of 2 to 5 years (2022: 2 to 5 years). Lease terms are negotiated on an individual basis and contain 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.

(b) Lease liabilities

	2023 RMB'000	2022 RMB'000
Current	**102,335**	142,201
Non-current	**18,181**	124,784
	120,516	266,985

29. LEASE (continued)

(c) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

	2023 RMB'000	2022 RMB'000
Depreciation of right-of-use assets		
– Properties	**1,610**	132,035
Interest expenses (included in finance costs)	**987**	7,124
Expense relating to short-term and low-value leases (included in cost of sales and administrative expenses)	**169,421**	172,306

The total cash outflow for leases during the year ended 31 December 2023 and 2022 amounted to RMB277,739,000 and RMB122,434,000 respectively.

30. BORROWINGS

	2023 RMB'000	2022 RMB'000
Current	**–**	183,033
Non-current	**–**	66,667
	–	249,700

As at 31 December 2022, the Group's bank borrowings of RMB 249,700,000 were secured by pledge of the Group's equity interest of certain subsidiaries and guaranteed by non-controlling interests. During the year ended 31 December 2023, the Group's bank borrowings were fully repaid. The risk was practically discharged, but the release of the pledge had not been completed on or before 31 December 2023. The Group has completed the release of the aforesaid pledge on 18 March 2024.

30. BORROWINGS (continued)

The maturity of the borrowings is as follows:

	2023 RMB'000	2022 RMB'000
Within one year	–	183,033
1-2 years	–	66,667
	–	249,700

The effective interest rates were as follows:

	2023 RMB'000	Effective weighted average rate 2023	2022 RMB'000	Effective weighted average rate 2022
Bank borrowings	–	–	**249,700**	**6.11%**

31. DEFERRED INCOME TAX

The analysis of deferred tax is as follows:

	2023 RMB'000	2022 RMB'000
Deferred tax assets:		
To be recovered within 12 months	**451,702**	27,890
To be recovered after more than 12 months	**46,462**	37,946
	498,164	65,836

	2023 RMB'000	2022 RMB'000
Deferred tax liabilities:		
To be realised within 12 months	**(88,682)**	(40,788)
To be realised after more than 12 months	**(62,800)**	(160,488)
	(151,482)	(201,276)

31. DEFERRED INCOME TAX (continued)

	Deferred tax assets- allowance on doubtful debts RMB'000	Deferred tax assets- tax losses RMB'000	Deferred tax assets- Others RMB'000	Deferred tax liabilities on amortisation of intangible assets RMB'000	Total RMB'000
As at 1 January 2022	66,523	80,618	825	(253,081)	(105,115)
(Charged)/credited to the consolidated statement of profit or loss and other comprehensive income	(38,920)	(42,651)	(559)	51,805	(30,325)
At 31 December 2022	**27,603**	**37,967**	**266**	**(201,276)**	**(135,440)**
Credited/(charged) to the consolidated statement of profit or loss and other comprehensive Income	20,834	9,577	(83)	49,794	80,122
Tax effect of equity transactions with ultimate holding company	402,000	–	–	–	402,000
At 31 December 2023	**450,437**	**47,544**	**183**	**(151,482)**	**346,682**

According to CIT Law, a withholding income tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividends out of profits earned after 1 January 2008. A lower 5% withholding income tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty agreements between the relevant authorities of the PRC and Hong Kong.

As at 31 December 2023, the Group has unrecognised deferred income tax liabilities arising from undistributed profits from the Group's subsidiaries in the PRC to its immediate holding company. No provision has been made in respect of such withholding tax as the directors have confirmed that such profits will not be distributed in the foreseeable future. Unremitted earnings in this respect amounted to RMB6,140,633,000 (2022: RMB3,049,872,000).

32. CASH FLOW INFORMATION

(a) Cash generated from operations

	2023 RMB'000	2022 RMB'000
Profit before income tax	**2,105,457**	1,936,997
Adjustments for:		
– Finance costs	**54,768**	24,435
– Depreciation of property and equipment (Note 17)	**26,353**	26,702
– Depreciation of right-of-use assets (Note 29a)	**1,610**	132,035
– Amortisation of other intangible assets (Note 18)	**194,507**	196,336
– Impairment losses on financial assets	**140,172**	108,832
– Loss on disposal of property and equipment	**71**	–
– Loss on disposal of investment properties	**169**	–
– Share of profit on investments accounted for using equity method	**(8,621)**	(2,892)
– Fair value gain on financial assets at fair value through profit or loss	**–**	2,309
– Fair value change on contingent consideration payables	**(48,455)**	(7,102)
– Fair value change of investment properties	**2,433**	(232)
– Impairment loss recognised for goodwill and property management contracts and customer relationships	**151,338**	6,119
– Interest income	**(16,228)**	(9,082)
– Measurement period adjustment for goodwill	**–**	17,210
– Dividend income from associates	**(3,294)**	–
– Dividend income from investment at fair value through profit or loss	**(324)**	–
Changes in working capital		
– Trade and other receivables	**(446,208)**	(598,243)
– Contract liabilities	**(38,679)**	(392,120)
– Prepayment	**5,239**	(2,358)
– Trade and other payables	**(644,408)**	(412,798)
– Restricted cash	**(37,623)**	(51,448)
– Inventories	**(2,365)**	–
	1,435,912	974,700

32. CASH FLOW INFORMATION (continued)

(b) Net debt reconciliation

	Borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
As at 1 January 2022	300,000	321,569	621,569
Additions of leases	–	63,573	63,573
Accrued interest expenses	–	7,124	7,124
Termination	–	(57,598)	(57,598)
Cash flows	(50,300)	(67,683)	(117,983)
As at 31 December 2022	249,700	266,985	516,685
As at 1 January 2023	**249,700**	**266,985**	**516,685**
Additions of leases	**–**	**9,693**	**9,693**
Accrued interest expenses	**–**	**987**	**987**
Termination	**–**	**(48,831)**	**(48,831)**
Cash flows	**(249,700)**	**(108,318)**	**(358,018)**
As at 31 December 2023	**–**	**120,516**	**120,516**

33. COMMITMENTS

Capital commitments

Considerations to be paid for acquisitions of equity interests of subsidiaries from non-controlling interests contracted for but not yet completed as at 31 December 2023 and 2022 is as follows:

	2023 RMB'000	2022 RMB'000
Within 5 years	**300,000**	300,000
	300,000	300,000

34. OTHER LONG-TERM LIABILITIES

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Other payables	**177,852**	–
Contingent consideration payables (Note a)	**2,753**	51,208
	180,605	51,208

Note a: The contingent consideration payables are unsecured and interest-free. Balance of contingent consideration payables as at 31 December 2023 amounted to RMB2,753,000 (2022: RMB51,208,000). Contingent consideration payables represent the performance guarantee given by the vendors in relation to the business combination. Contingent consideration payables have been designated as financial liabilities upon initial recognition and is measured at fair value at the end of the reporting period. Contingent consideration payables will be realised if the acquired businesses achieve their respective base year revenue and profit target, calculated on certain predetermined basis, during the designated period of time.

35. NON-CONTROLLING INTERESTS

The movements of non-controlling interests were as follows:

	2023 RMB'000	2022 RMB'000
At 1 January	495,479	364,021
Profit for the year	22,613	55,895
Deemed disposal of equity interests in subsidiaries	—	75,563
Capital injection	7,700	—
Dividend distribution	(39,006)	—
At 31 December	486,786	495,479

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised statement of financial position	**Wuhan JBL Property Management Co., Ltd.***		**Ningbo Yatai Hotel Property Services Co., Ltd.***	
	2023 RMB'000	2022 RMB'000	**2023 RMB'000**	2022 RMB'000
Current assets	**60,419**	62,554	**885,797**	938,373
Current liabilities	**10,035**	13,317	**724,116**	854,587
Net current assets	**50,384**	49,237	**161,681**	83,786
Non-current assets	**126,305**	185,551	**404,514**	532,437
Non-current liabilities	**31,813**	–	**85,140**	–
Net assets	**144,876**	234,788	**481,055**	616,223

Summarised statement of profit or loss and other comprehensive income	**Wuhan JBL Property Management Co., Ltd.***		**Ningbo Yatai Hotel Property Services Co., Ltd.***	
	2023 RMB'000	2022 RMB'000	**2023 RMB'000**	2022 RMB'000
Revenue	**138,278**	171,274	**2,290,930**	2,330,292
Profit for the year	**(117)**	14,731	**70,423**	80,891

* English name for identification purpose only

36. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties:

In addition to the transactions detailed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties.

	2023 RMB'000	2022 RMB'000
Revenue from rendering of services		
– Controlled by the Group's ultimate holding company	**77,847**	93,169
– Joint ventures of the Group's ultimate holding company	**35,865**	47,354
	113,712	140,523
Purchase of goods and services		
– Controlled by the Group's ultimate holding company	**8,000**	83,539
Leasing car parking spaces		
– Controlled by the Group's ultimate holding company	**108,260**	30,910

The transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

Starting from September 2021, due to China Evergrande Group's liquidity difficulties, the management of the Group expects the inflow of economic benefits from China Evergrande Group is not virtually certain. Since the property services customers involve all the property owners and various aspects of the community, which has integrality and indivisibility as a whole, it is impracticable to exclude China Evergrande Group from providing property management services to those vacant properties. Hence, no additional costs have been incurred and the Group continues to provide property management services to China Evergrande Group. The Group estimates that the amount of the service income for the year ended 31 December 2023 to be approximately RMB420,813,000. No revenue is recognised in respect of the property management services delivered to, while the Group will endeavour to take reasonable measures to collect the receivables from the relevant parties in accordance with the relevant laws and applicable agreements to actively safeguard the interests of the Group.

36. RELATED PARTY TRANSACTIONS (continued)

(b) Balances with related parties:

The Group had the following balances with related parties

	2023 RMB'000	2022 RMB'000
Trade receivables		
– Controlled by the Group's ultimate holding company	**2,083,525**	2,354,584
– Joint ventures of the Group's ultimate holding company	**174,310**	109,506
	2,257,835	2,464,090
Less: allowances for impairment of trade receivables (charged to profit or loss)	**(2,251,242)**	(2,455,691)
	6,593	8,399

	2023 RMB'000	2022 RMB'000
Other receivables		
– Controlled by the Group's ultimate holding company	**11,716**	11,770

36. RELATED PARTY TRANSACTIONS (continued)

(b) Balances with related parties: (continued)

	2023 RMB'000	2022 RMB'000
Prepayments		
– Controlled by the Group's ultimate holding company	**1,439**	1,581

	2023 RMB'000	2022 RMB'000
Trade payables		
– Controlled by the Group's ultimate holding company	**372,122**	267,055
– Joint ventures of the Group's ultimate holding company	**2,881**	290
	375,003	267,345

	2023 RMB'000	2022 RMB'000
Other payables		
– Controlled by the Group's ultimate holding company	**176,371**	158,555
– Joint ventures of the Group's ultimate holding company	**7,135**	621
	183,506	159,176

(i) The above trade receivables, prepayments and trade payables are trading nature, interest-free and repayable according to terms in contracts.

36. RELATED PARTY TRANSACTIONS (continued)

(c) Key management compensation

Compensations for key management other than those for directors as disclosed in Note 12 is set out below:

	2023 RMB'000	2022 RMB'000
Salaries, bonuses and other benefits	**2,552**	1,984
Contributions to pension scheme expenses	**114**	104
	2,666	2,088

37. EVENT AFTER REPORTING PERIOD

The Group has the following events subsequent to the end of the reporting period:

(i) In relation to the enforcement of the financial guarantee pledged ("**Deposit Pledges**"), the wholly owned subsidiaries of the Company have filed the following proceedings with the Guangzhou Intermediate People's Court of Guangdong Province, the PRCs in requesting the China Evergrande Group and liable parties to repay the Deposit Pledges together with estimated interest. Further details of this event are set out in the Company's announcement dated 26 January 2024.

(ii) On 29 January 2024, the Company's ultimate holding company, China Evergrande Group, has been ordered to be wound up by the Hong Kong High Court. Further details of this event are set out in the Company's announcement dated 29 January 2024.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2023 RMB'000	2022 RMB'000
Assets			
Non-current asset			
Investments in subsidiaries	(a)	**–**	–
Current assets			
Amount due from related parties		**16,713**	–
Other receivables		**7,083**	6,965
Prepayments		**686**	676
Cash and cash equivalents		**3,407**	4,798
Total current assets		**27,889**	12,439
Total assets		**27,889**	12,439
Equity			
Equity attributable to shareholders of the Company			
Share capital		**7,060**	7,060
Reserves	(b)	**9,233,219**	9,233,219
Accumulated losses		**(9,230,303)**	(9,331,607)
Total equity (deficit)		**9,976**	(91,328)
Liabilities			
Non-current liabilities			
Loan from a subsidiary		**13,016**	–
Current liabilities			
Other payables and accruals		**4,897**	103,767
Total equity and liabilities		**27,889**	12,439

Notes:

(a) As at 31 December 2023, investment in subsidiaries are carried at cost of approximately RMB9,102,506,000 (2022: RMB9,102,506,000), net of impairment loss of RMB9,102,506,000 (2022: RMB9,102,506,000) in respect of investment in subsidiaries.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note: (continued)

(b) Movement of reserve of the Company

	Share premium RMB'000	Recapitalisation reserves RMB'000	Total RMB'000
Balance as at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	5,944,185	3,289,034	9,233,219

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries of the Group as at 31 December 2023 and 2022 and as at date of this report, are set out as follows:

Company name	Place of incorporation/ registration and operation	Form of business structure	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company				Principal activities
				Direct		Indirect		
				2023	2022	2023	2022	
Eagle Investment (BVI) Limited	BVI	Limited liability Company	USD1	100%	100%	–	–	Investment holding
Knight Honour Global Limited	BVI	Limited liability Company	USD1	–	–	100%	100%	Investment holding
Oriental Joy Group Limited	BVI	Limited liability Company	USD1	–	–	100%	100%	Investment holding
Success Will Group Limited	Hong Kong	Limited liability Company	HKD1,000	–	–	100%	100%	Investment holding
Fortune Ascent Management Limited	Hong Kong	Limited liability Company	HKD1	–	–	100%	100%	Property management Services
Jinbi Property Management Co., Ltd.* (金碧物業有限公司)	PRC	Limited liability Company	RMB10,000,000,000	–	–	100%	100%	Property management Services

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Company name	Place of incorporation/ registration and operation	Form of business structure	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company				Principal activities
				Direct		Indirect		
				2023	2022	2023	2022	
Wuhan Jinbi Jiayuan Property Management Co., Ltd.* (武漢金碧嘉園物業管理有限公司)	PRC	Limited liability Company	RMB20,000,000	–	–	100%	100%	Property management Services
Guiyang Zhongyu Property Management Co., Ltd.* (貴陽中渝物業管理有限責任公司)	PRC	Limited liability Company	RMB3,000,000	–	–	100%	100%	Property management Services
Chongqing Tongjing Property Services Co., Ltd.* (重慶同景物業服務有限公司)	PRC	Limited liability Company	RMB5,000,000	–	–	100%	100%	Property management Services
Guiyang New Life Property Services Co., Ltd.* (貴陽新生活物業服務有限公司)	PRC	Limited liability Company	RMB5,010,000	–	–	100%	100%	Property management Services
Ningbo Yatai Hotel Property Services Co., Ltd. (寧波市雅太酒店物業服務有限公司)	PRC	Limited liability Company	RMB66,370,000	–	–	80%	80%	Property management Services
Shenzhen Futian Real Estate Development Co., Ltd.* (福田物業發展有限公司)	PRC	Limited liability Company	RMB60,000,000	–	–	100%	100%	Property management Services
Zhejiang Jindu Property Management Co., Ltd.* (浙江金都物業管理有限公司)	PRC	Limited liability Company	RMB60,000,000	–	–	100%	100%	Property management Services
Wuhan Jiebaili Property Management Co., Ltd.* (武漢傑佰利物業管理有限公司)	PRC	Limited liability Company	RMB20,000,000	–	–	51%	51%	Property management Services

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Company name	Place of incorporation/ registration and operation	Form of business structure	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company				Principal activities
				Direct		Indirect		
				2023	2022	2023	2022	
Nanchang Tianxiang Property Management Co., Ltd.* (南昌市天翔物業管理有限公司)	PRC	Limited liability Company	RMB82,700,000	–	–	70%	70%	Property management Services
Taiyuan Lanjieshi Property Management Co., Ltd.* (太原藍潔仕物業管理有限公司)	PRC	Limited liability Company	RMB5,180,000	–	–	65%	65%	Property management Services
Chongqing Taiguang Property Management Co., Ltd.* (重慶泰廣物業管理有限公司)	PRC	Limited liability Company	RMB500,000	–	–	100%	100%	Property management Services
Evergrande Hengkang Property Co. Ltd.* (恒大恒康物業有限公司)	PRC	Limited liability Company	RMB2,850,000,000	–	–	100%	100%	Property management Services
Guangzhou Jinbi Hengying Property Service Co., Ltd.* (廣州市金碧恒盈物業服務有限公司)	PRC	Limited liability Company	RMB1,010,000,000	–	–	100%	100%	Property management Services
Guangzhou Jinbi Shijia Property Co., Ltd.* (廣州市金碧世家物業服務有限公司)	PRC	Limited liability Company	RMB1,010,000,000	–	–	100%	100%	Property management Services
Guangzhou Jinbi Huafu Property Co., Ltd.* (廣州市金碧華府物業服務有限公司)	PRC	Limited liability Company	RMB1,010,000,000	–	–	100%	100%	Property management Services

* English name for identification only

40. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issued by the board of directors on 27 March 2024.

Five-year Financial Summary

Consolidated Results

	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000	**2023 RMB'000**
Revenue	7,332,722	10,781,578	13,193,464	11,809,176	**12,486,544**
Profit/(loss) before income tax	1,229,185	3,497,528	(218,904)	1,936,997	**2,105,457**
Income tax expense	(298,661)	(851,060)	(169,880)	(458,423)	**(541,645)**
Profit/(loss) for the year	930,524	2,646,468	(388,784)	1,478,574	**1,563,812**
Profit/(loss) attributable to:					
Shareholders of the Company	930,232	2,647,099	(316,294)	1,422,679	**1,541,199**
Non-controlling interests	292	(631)	(72,490)	55,895	**22,613**
	930,524	2,646,468	(388,784)	1,478,574	**1,563,812**
Earnings/(loss) per share for profit attributable to shareholders of the Company (Expressed in RMB per share)					
Basis	0.09	0.26	(0.03)	0.13	**0.14**
Dilution	0.09	0.26	(0.03)	0.13	**0.14**

Consolidated Financial Position

	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000	**2023 RMB'000**
Non-current assets	149,752	287,887	2,681,599	2,252,527	**2,276,748**
Current assets	7,306,903	16,820,652	3,920,529	4,895,244	**5,969,668**
Current liabilities	5,669,448	7,225,728	9,370,698	8,216,601	**7,876,937**
Net current assets/(liabilities)	1,637,455	9,594,924	(5,450,169)	(3,321,357)	**(1,907,269)**
Total assets less current liabilities	1,787,207	9,882,811	(2,768,570)	(1,068,830)	**369,479**
Non-current liabilities	12,750	26,201	733,960	443,935	**350,268**
Equity attributable to shareholders of the Company	1,761,607	9,845,648	(3,866,551)	(2,008,244)	**(467,575)**
Non-controlling interests	12,850	10,962	364,021	495,479	**486,786**
Total equity/(deficiency in equity)	1,774,457	9,856,610	(3,502,530)	(1,512,765)	**19,211**

恒大物業
EVERGRANDE PROPERTY SERVICES