A-LIVING SMART CITY SERVICES CO., LTD.*
雅生活智慧城市服務股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 3319

LIFELONG CARING FOR YOU, HEARTWARMING SERVICE TO CITY

2023 Annual Report

*For identification purposes only

MISSION

Lifelong caring for you,
heartwarming service to city

CORE VALUE

Inclusion and diversity;
Relentless pursuit of excellence;
Mutual benefit and common progress;
Value creation with concerted efforts

VISION

Become a preeminent quality
service provider in China

Corporate Profile

A-Living Smart City Services Co., Ltd. ("A-Living" or the "Company", together with its subsidiaries, collectively, the "Group") positions itself as a mid- to high-end provider of nationwide comprehensive property management services, ranking the 2nd of the Top 100 Property Management Companies in China published by China Index Academy. The Group dedicates to providing high-quality and full-scenario services to property owners, undertaking the corporate mission of "becoming the preeminent quality service provider in China". With the continuous business expansion covering the whole industry chain, the Group is proactively innovating and exploring the value-added service ecosystem. Currently, the Group has developed four business lines, namely, property management services, property owners value-added services, city services and extended value-added services, with a nationwide coverage of 31 provinces, municipalities and autonomous regions, and has developed a balanced business portfolio layout covering residential properties, public buildings and commercial and office buildings. As at 31 December 2023, the Group's total contracted gross floor area ("GFA") increased to approximately 766.6 million sq.m. and the total GFA under management reached approximately 590.5 million sq.m.

On 9 February 2018, the Group successfully spun off from Agile Group Holdings Limited（雅居樂集團控股有限公司）("Agile Holdings", and together with its subsidiaries, "Agile Group") and became the first property management company in the People's Republic of China (the "PRC" or "China") that officially spun off from a red-chip holding company to list on the H-Share market.

Contents

Corporate Information

Board of Directors

Mr. Chan Cheuk Hung* *(Co-chairman)*
Mr. Huang Fengchao* *(Co-chairman)*
Mr. Li Dalong* *(President (General Manager) and Chief Executive Officer)*
Mr. Chen Siyang* *(Vice President)*
Mr. Xu Yongping**
Mr. Wang Gonghu#
Mr. Weng Guoqiang#
Mr. Li Jiahe#

* Executive Directors
** Non-executive Director
\# Independent Non-executive Directors

Board Committees

Audit Committee

Mr. Wang Gonghu *(Committee Chairman)*
Mr. Weng Guoqiang
Mr. Li Jiahe

Remuneration and Appraisal Committee

Mr. Weng Guoqiang *(Committee Chairman)*
Mr. Huang Fengchao
Mr. Li Dalong
Mr. Wang Gonghu
Mr. Li Jiahe

Nomination Committee

Mr. Huang Fengchao *(Committee Chairman)*
Mr. Li Dalong
Mr. Wang Gonghu
Mr. Weng Guoqiang
Mr. Li Jiahe

Risk Management Committee

Mr. Huang Fengchao *(Committee Chairman)*
Mr. Chan Cheuk Hung
Mr. Li Dalong
Mr. Wang Gonghu
Mr. Li Jiahe

Supervisory Committee

Mr. Liu Jianrong *(President of the Supervisory Committee, Employee representative Supervisor)*
Ms. Huang Zhixia *(Employee representative Supervisor)*
Ms. Zhang Pingting *(Shareholder representative Supervisor)*
Mr. Zheng Jiancheng *(External Supervisor)*
Mr. Wang Shao *(External Supervisor)*

Joint Company Secretaries

Mr. Huang Jiayi
Mr. Li Kin Wai

Authorised Representatives

Mr. Li Dalong
Mr. Huang Jiayi

Auditor

Grant Thornton Hong Kong Limited

Legal Advisors

as to Hong Kong law:
Sidley Austin LLP

as to PRC law:
King & Wood Mallesons

Principal Bankers

Bank of China, Guangzhou Zhujiang Branch
Industrial and Commercial Bank of China, Zhongshan Sanxiang Wenchang Branch
Industrial and Commercial Bank of China, Lingshui Branch
Agricultural Bank of China, Sanxiang Branch
Agricultural Bank of China, Guangzhou Zhujiang Branch
China Construction Bank, Guangzhou Huacheng Branch

Principal Place of Office in the PRC

35/F, Agile Center
26 Huaxia Road
Zhujiang New Town
Tianhe District, Guangzhou
Guangdong Province, PRC
Postal Code: 510623

Registered Office in the PRC

Management Building, Xingye Road
Agile Garden, Sanxiang Town
Zhongshan
Guangdong Province, PRC

Principal Place of Business in Hong Kong

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

H Share Registrar

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Telephone: (852) 2980 1333
Facsimile: (852) 2861 1465

Investor Relations

Investor Relations Department
E-mail: ir@agileliving.com.cn
Telephone: (852) 2740 8921

Website

www.agileliving.com.cn

Listing Information

Equity Securities

The Company's ordinary shares include only overseas listed shares (H shares).

Overseas listed shares (stock code: 3319) are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

Financial Calendar

Annual results announcement	:	Monday, 25 March 2024
2023 annual general meeting (the "2023 AGM")	:	Wednesday, 29 May 2024

Closure of Register of Members and other Key Dates

The Company's register of members will be closed during the following period:

To determine the shareholders of the Company (the "Shareholders") who are entitled to attend and vote at the 2023 AGM

Latest time for lodging transfer documents of shares	:	4:30 p.m. on Thursday, 23 May 2024
Period of closure of register of members	:	Friday, 24 May 2024 to Wednesday, 29 May 2024 (both dates inclusive)

To determine the Shareholders' entitlement to the final dividend (the "Final Dividend")

Ex-entitlement date for Final Dividend	:	Friday, 31 May 2024
Latest time for lodging transfer documents of shares	:	4:30 p.m. on Monday, 3 June 2024
Period of closure of register of members	:	Tuesday, 4 June 2024 to Friday, 7 June 2024 (both dates inclusive)
Record date	:	Friday, 7 June 2024

To qualify for attending and voting at the 2023 AGM and entitlement to the Final Dividend, shareholders of overseas listed shares of the Company must lodge all properly completed share transfer forms accompanied by the relevant share certificates with the Company's H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than the above latest time for lodging transfer documents of shares.

Subject to the approval by the Shareholders in the 2023 AGM, the proposed Final Dividend will be paid on or about Friday, 12 July 2024 to Shareholders whose names appear on the register of members of the Company on Friday, 7 June 2024.

Annual General Meeting

The 2023 AGM will be held on Wednesday, 29 May 2024. Notice of the 2023 AGM will be set out in the Company's circular dated 26 April 2024 and will be despatched together with this annual report to the Shareholders. Notice of the 2023 AGM and the proxy form will also be published on the Company's website (www.agileliving.com.cn) and the Hong Kong Stock Exchange's website (www.hkex.com.hk).

Despatch of Corporate Communications

This annual report (both Chinese and English versions) will be delivered to the Shareholders. This annual report is also published on the Company's website (www.agileliving.com.cn) and the Hong Kong Stock Exchange's website (www.hkex.com.hk).

For environmental protection reasons, the Company encourages the Shareholders to view this annual report posted on the aforesaid websites where possible.

Financial Summary

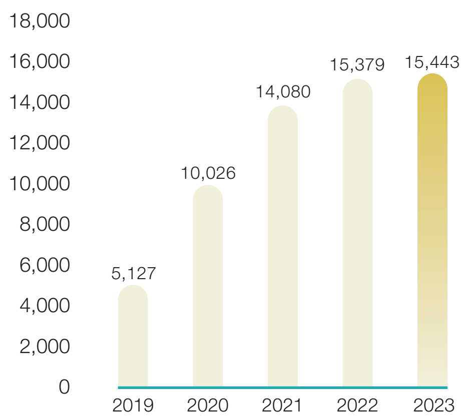
Summary of the Consolidated Income Statement

	Year ended 31 December	
	2023	2022
Revenue (RMB million)	**15,443**	15,379
Gross profit (RMB million)	**2,646**	3,384
Gross profit margin	**17.1%**	22.0%
Net profit (RMB million)	**699**	1,935
Net profit margin	**4.5%**	12.6%
Profit attributable to the shareholders of the Company (RMB million)	**461**	1,840
Basic earnings per share (RMB)	**0.32**	1.30

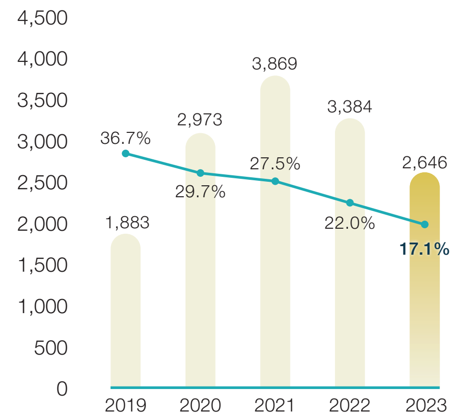
Summary of the Consolidated Balance Sheet

	As at 31 December	
	2023	2022
Total assets (RMB million)	**24,051**	22,702
Cash and cash equivalents (RMB million)	**4,075**	3,799
Shareholders' equity (RMB million)	**14,449**	14,125
Return on shareholders' equity	**3.6%**	15.6%
Total liabilities/Total assets	**39.9%**	37.8%

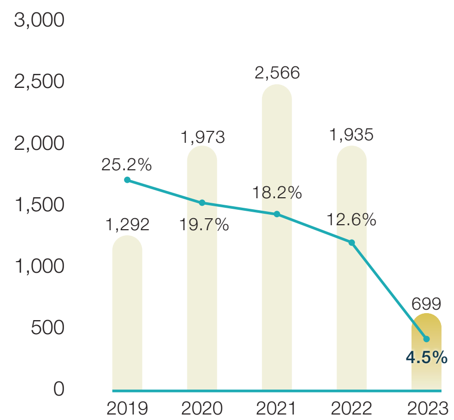
Revenue
(RMB million)



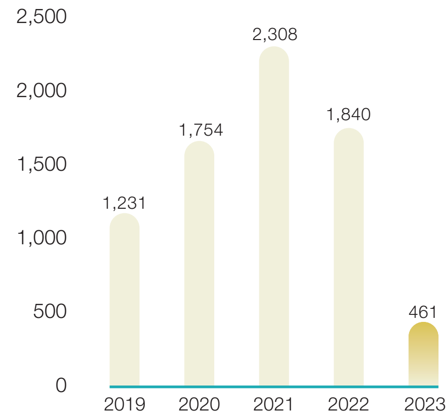
Gross profit and gross profit margin
(RMB million)/%



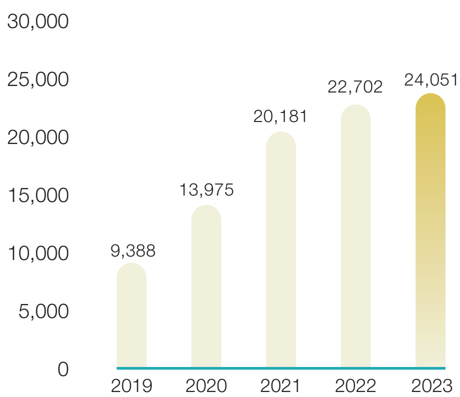
Net profit and net profit margin
(RMB million)/%



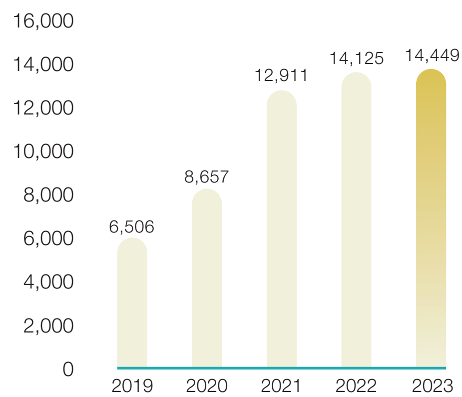
Profit attributable to the Shareholders of the Company
(RMB million)



Total assets
(RMB million)



Shareholders' equity
(RMB million)



Major Events in 2023

Jan

1. In January, Longcheng Service under A-Living won the bid for a city service project in Yuanshan Subdistrict, Longgang District, Shenzhen, another large-scale city service project with an annualized contract amount of over RMB100 millions in the first-tier city, further consolidating its regional advantages.

Mar

2. In March, A-Living and LongShine Technology held a strategic cooperation signing ceremony. Both parties will give full play to their respective advantages and carry out in-depth cooperation in the fields of digitalized energy management, the industrial layout related to "Carbon Peaking and Carbon Neutrality", smart operation and services to cities and communities, digital city construction and city services.

Apr

3. In April, with its solid business performance, excellent operational capabilities and good service reputation, A-Living was awarded a number of honors such as ranking the 2nd of the "2023 Top 100 Property Management Companies in China" by the China Index Academy, reaching a new high in the industry.

Jun

4. In June, Lanshi A-Living, a member company of A-Living, fully supported the Lanzhou International Marathon, and carefully deployed a 100-member team to take charge of the safety and security work of some road sections, so that the contestants and visitors can experience professional and warm security services.

Jul

5. In July, facing the extreme weather, such as typhoons including "Tally" and heavy rains, A-Living launched emergency plans, conducted comprehensive inspections in advance, and carried out on-site rescue. After the attack of extreme weather, the projects took prompt actions to repair and recover to normal, thus to effectively ensure the safety of the community, which was highly praised by the property owners.

6. In July, five outstanding projects of A-Living were awarded as benchmark projects and demonstration bases in the "China Real Estate Index 2023 Real Estate Market Trends Report" sponsored by China Index Academy and hosted by China Real Estate Index System and China Property Services Index System, leading the industry with service standards and quality.

7. In July, A-Living launched the "A-living Red City (雅心赤城)" brand, continued to implement co-governance, co-construction and sharing model, and deepened the governance model with basic-level Party building.

Aug

8. In August, A-Living joined hands with Urumqi Security (Group) Co., Ltd. to carry out joint venture cooperation to fully achieve complementary advantages and win-win results, which is conducive to consolidating the diversified business advantages of A-Living and further improving the service capabilities of public building projects.

Sep

9. In September, A-Living was awarded the award of "2023 Leading Brand in Property Management in China" by China Index Academy. With excellent brand influence, its brand value evaluation reached a new high of RMB21.2 billion.

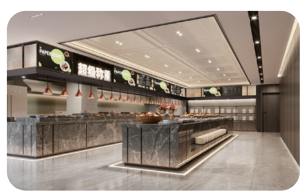
10. From September to October, when the Mid-Autumn Festival and the National Day were approaching, a number of cultural and tourism service projects under management across the country have ushered in a peak for visitors. For example, during the golden week, China Art Museum accepted more than 80,000 visitors. With high-standard services and comprehensive preparation, A-Living successfully completed various service and security tasks, which were highly acknowledged by the government and tourists.

11. Since September, Lexianghui, a new retail brand under A-Living's community commercial business, has carried out a series of theme activities on National Day and Mid-autumn Festival, bringing a variety of attractive online and offline activities to property owners. Through innovative formats such as live streaming, the peak of daily sales of Lexianghui mall platform exceeded RMB1.6 million.

Oct

12. In October, the La Cite Greenville Fandeng Project, a national-level residential property service standardization pilot project of A-Living launched during the year, passed the interim evaluation. A-Living's high-quality service level and management capabilities have been unanimously recognized by the national standardization pilot expert group. In the future, it will give full play to the role of pilot demonstration to promote the construction and development of industry standardization.

13. A-Living joined hands with Meican, a leading digital group catering platform in China, to create a new platform of the group catering business, namely Lemeishan. In October, the Smart Staff Restaurant at Guangzhou Yiyun Science and Technology Innovation Center, a national industrial park, was officially put into operation by Lemeishan. Lemeishan meets the dining and management needs with advanced technology, ensures the quality of products and services with high-quality services and strict operating standards, and is fully recognized by customers.



Major Recognition and Awards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Major Recognition and Awards

1 • The 2nd of the "2023 Top 100 Property Management Companies in China"

2 • The 1st of the "2023 Listed Property Management Companies in terms of Market Expansion in China"

3 • The 2nd of the "2023 Top 100 Property Management Companies in terms of Business Performance in China"

4 • The 2nd of the "2023 Top 100 Leading Property Management Companies in terms of Growth Potential in China"

5 • The 3rd of the "2023 Top 100 Property Management Companies in terms of Business Scale in China"

6 • 2023 China Leading Property Management Brand in terms of Specialized Operation

7 • 2023 China Leading Property Management Service Brand in terms of Customer Satisfaction

8 • 2023 China Excellent Property Management Company in terms of ESG Development

9 • 2023 Leading Property Management Companies for High-end Properties in China

10 • 2023 Leading Property Management Companies for Residential Properties in China

11 • 2023 Top 1 Property Management Company for Industrial Parks in China

12 • 2023 China Excellent Brand of Property Management Services for Public Buildings

13 • 2023 China Excellent Companies in terms of Office Building Management

14 • 2023 Leading Property Management Companies in Smart City Services in China

15 • 2023 China Leading Specialized Property Management Companies in terms of Community Commercial Service

16 • 2023 Innovative Listed Property Management Companies in terms of Intelligent Energy Saving in China

Chairman's Statement

Dear Shareholders,

We are pleased to present the audited consolidated results of the Group for the year ended 31 December 2023.

In 2023, China's economy showed a trend of growing initially and stabilizing subsequently. After the pandemic abated, residents' pent-up consumption demand was released, and the gross domestic product (GDP) of China grew steadily year-on-year. However, due to the impact of geopolitical tensions and tightening monetary policies, different economies' performances became even more divergent with decelerating growth and uncertain outlooks. China's economic recovery was still facing various challenges. In the past, the real estate industry experienced rapid growth, tightened regulations and then a gradual recovery. The meeting of the Political Bureau of the CPC Central Committee clarified that there were major changes in the relationship between supply and demand in the real estate market, and then optimized the regulatory policies to enable the industry to develop in an orderly manner. However, property development and sales remained sluggish in 2023, with various data indicating varying degrees of declines, and it will take some time for the market to recover.

Although the property management sector has been affected by macroeconomic fluctuations, the COVID-19 pandemic and the profound adjustment to the upstream real estate market in the past few years, property management companies continued to grow in terms of their business scale, and extend the scope of their services gradually, showing a certain degree of resilience in their development. However, due to the shrinkage of the market of new properties, the intensifying competition in the markets for property management services for existing properties and non-residential properties, and the homogenization of the services of property management companies, property management companies as a whole saw their business growth slow down, and they are exploring new models of high-quality development. Under the new circumstances and with a competitive landscape, there is a consensus that the industry should focus on the service and quality.

Business Review

During the Year, the Group adhered to the development strategy of "brand enhancement, steady development, enhancing competence, facilitating integration", refocused on the essence of service and operation, and pursued quality growth with the non-cyclical businesses as the core. Despite the fluctuations in the macro environment and the challenges brought by competition in the industry, all the staff of the Group worked together to ensure good quality and to effectively enhance property owners' experience of the services. Meanwhile, the Group adjusted its strategy according to the current situation, focused on operating efficiency, paid close attention to payment collection and cash flow, and improved management efficiency with refined operations. During the Year, the Group continued to be recognized by the industry and the market for its performance, and was ranked second among the "2023 Top 100 Property Management Companies in China" and ranked among the top-tier property management companies in terms of the market expansion of third-party projects. With its industry-leading overall strengths, the brand value of A-Living exceeded RMB21.2 billion.

Despite the challenges brought by the macro environment and industry fluctuations, the Group's overall operation was stable, and its property management scale grew steadily. During the Year, the Group's revenue was RMB15,443.4 million, representing an increase of 0.4% as compared with the corresponding period of last year. Gross profit was RMB2,645.6 million. Gross profit margin was 17.1%. Net profit was RMB698.7 million. Net profit margin was 4.5%. Profit attributable to the Shareholders was RMB460.9 million. Basic earnings per share were RMB0.32. As at 31 December 2023, the GFA under management and the contracted GFA of the Group were 590.5 million sq.m. and 766.6 million sq.m., respectively. Third-party projects accounted for 80.8% of the total contracted GFA.

Refocusing on its original aspiration to serve property owners good service is the core of the Group's strategy for 2023. During the Year, the Group continued to allocate resources to the service front line of its projects, promoted service classification and standard grading, raised standards of various services and actively obtained industry certifications, so as to effectively improve property owners' satisfaction. The Group always cares about society and property owners, fulfills its corporate social responsibility, improves the quality of basic-level services, and has followed the directive on Party building by deepening the basic-level governance through the mode of "building communities through the joint efforts of five parties", so as to improve property owners' satisfaction and community experience continuously. During the Year, in the face of extreme weather and natural disasters such as frequent typhoons and rainstorms, the Group's front-line staff swung for the fences, launching various emergency plans, deploying in advance and implementing various protection measures efficiently to ensure the safety of the communities. After the recovery from the pandemic in 2023, a number of tourist attractions and cultural and sports venues managed by the Group have recorded a peak in tourist traffic. With solid management experience and sufficient deployment, the Group ensured the smooth operation of various cultural and tourism projects during major holidays, and it was highly praised by the government, property owners and tourists for that. During the Year, the Group paid close attention to service quality and standards, and continued to focus on boosting both quality and professional capabilities at the front line through 400 Hotline Call Center, regular or special quality check, online and offline inspections and service satisfaction surveys to effectively solve problems at the projects, identify major risks and potential safety hazards and ensure the consistency of service quality. In 2023, on the basis of management positioning and differentiated service needs, the Group completed the grading of services at more than 600 projects, and improved the grading system of "management positioning + service grading" for residential property projects. Furthermore, the Group facilitated the standardization and led the high-quality development of the industry, thus manifesting its advantages as a leading enterprise. During the Year, A-Living's Fandeng Project at La Cité Greenville Zhongshan, a pilot project of the national-level system of advanced standards of residential property service, passed the interim evaluation successfully, thus demonstrating consistently the Group's role as a benchmark for the industry. The Group took the lead in the development of industry standardization and completed the application of a property service standard, namely the "Residential Property Service Management Code", which is expected to be published in 2024.

The Group has been implementing the market-oriented development strategy and continuously consolidated its first-mover advantage in the provision of property management services for the existing residential properties and non-residential properties. It ranked top in terms of the expansion of the third-party market for months during the Year. Currently, even though more opportunities for market expansion emerge, it is more difficult to develop the market and the competition becomes more intensive. By adhering to the asset-light strategy, the Group improved its market expansion system and carefully selected projects based on scale and profitability. During the Year, the Group won the bids for a number of quality projects in strategically important cities nationwide, covering high-end residential buildings, commercial properties and offices, transportation hubs, government agencies, campus and projects in other niche markets. In the residential property sector, the Group pursued the strategy of further developing the markets of high-tier cities. In the mature markets such as the Guangdong-Hong Kong-Macao Greater Bay Area and Hainan, the Group has successively won the bids for a number of mid to high-end, large-scale, newly developed or existing residential projects, and continued to give play to its brand influence in the local markets. In the non-residential property sector, the Group enhanced its existing advantages by winning bids for projects such as Shanghai Rail Transit Line 9 and Line 10 consecutively, thus further improving the rail transit service network in high-tier cities. In its services to corporations, the Group won the bids for various high-quality projects from large enterprises and public institutions, including several China Mobile's projects nationwide, as well as the project of Tianjin Branch of CNOOC, Lingang Building of CRCC and Fujian Mintong Building of Postal Savings Bank of China.

In terms of the business development along the industrial value chain, during the Year, the Group carefully sorted out its business strategy, refined its business mix and structure, and concentrated on the development of high-quality businesses with less investment, good cash flow, high efficiency and sustainability. In the field of value-added services, the Group continued with a market-oriented approach and specialization in its development, balanced investment and return, continued to adjust business mix, and further developed three major businesses, namely, household living services, value-added services to institutions and enterprises, and energy-saving renovation. Among them, the value-added services to institutions and enterprises have generated strong synergy with the Group's property management business. The Group's group catering brand, Lemeishan（樂美膳）, has obtained its first contract for servicing a high-end headquarters project in a commercial and office property, and started to operate a smart staff canteen in Guangzhou Yiyun Technology Park（廣州益雲科技園）. In the field of city services, the Group paid more attention to cash flow and risk management and control, and made every effort to collect payments, so as to improve cash flow. At the same time, the Group improved its regional distribution of city services and concentrated its resources on seeking opportunities in high-tier cities that can create synergies with its public service business. During the Year, the Group continued to develop high-quality projects in regions with advantages such as the Guangdong-Hong Kong-Macao Greater Bay Area and Shanxi Province, and promoted convenience-for-people services such as smart public toilets. Leveraging its rich experience, the Group once again won the bid for a large-scale city service project with an annualized contract value of over RMB100 million during the Year, thus preliminarily attaining the economies of scale in Shenzhen. Meanwhile, the Group consolidated its city service brand system and enhanced the application of intelligent devices, thus effectively improving efficiency and controlling costs.

In terms of digitalized operation and management, the Group continued to consolidate the master data system that supports its business operation, standardized the operation and management of the projects, and strengthened the quality, risk and safety control. The Group continuously expanded the coverage of the business-finance integration system to effectively improve the efficiency of fee collection and the control of costs and budgets. The Group continued to promote the integration through informatization such as the extensive application of cross-organizational processes across member companies, which significantly enhanced the efficiency of work processes and cost control and ensured the effective management of outsourced personnel. In organizational integration, the Group has maintained efficient organization and, with the corporate culture as its guide, continuously optimized resource allocation, improved both quality and efficiency, deepened the integration, sought common ground while reserving differences, and achieved mutual benefits. The Group continued to promote the integration of its region-level operations, and strengthened the operation capabilities of its city companies, with the aim of realizing efficient quality management and raising operational efficiency. In post-acquisition management, the Group's business units substantially achieved in-depth integration in management and operation. During the Year, the Group further deepened equity cooperation and achieved a high degree of alignment of interests. Meanwhile, the Group strengthened and adjusted the member companies' operation by adopting the "enterprise-specific strategies" according to their different development status and needs so as to improve the quality of their operation and management.

Prospect and Strategy

In 2024, the national economy is rebounding and improving. The government has set the tone for the economic development – "pursuing progress while ensuring stability, consolidating stability through progress, and establishing the new before abolishing the old", thus laying a foundation for the recovery and growth of various industries. The policy on the real estate sector has undergone several rounds of adjustment and has been relaxed to the same degree as it was a decade ago. The industry will enter a new stage of stable development in the future after the risks are mitigated. In the past, property management companies grew rapidly on the back of an investment boom, but they also encountered many problems while developing. With the tremendous changes in the upstream industry and the deep valuation adjustment of the property management sector, property management companies need to actively embrace the changes in the market, examine their core competitiveness and reshape their own unique values.

To cope with the new situation and new competitive landscape, the Group will refocus on the "essence of service, operation, management and growth". By taking market-oriented expansion and professionalization as the way forward for its development, the Group will focus on and further develop its sustainable and core businesses, and thoroughly refine the operation of its main business in order to establish a model for high-quality and sustainable development.

Property management is the fundamental segment of the Group's business. In the new economic cycle, the competition in the market of existing properties is bound to be fierce, and only the enterprises with quality that can withstand the tests can surmount the cycles. Service quality is the foundation of all businesses. The Group will put property owners first, focus on their needs, go deep into the front line of the projects, listen to the voices of the grassroots employees and provide more resources to them, and firmly adhere to its original aspiration to provide property owners with good service, so as to win their trust and support. In the future, the Group will focus on enhancing its professionalism and operation capability to further improve the service standard system, relentlessly pursue excellence in management, keep clear of the redline and adhere to the principles, refine both the cost control and supplier management, and plug loopholes. The property management industry is a service industry that requires refined operation and efficient management to form a virtuous cycle of high-quality services, high satisfaction of property owners and high management fee collection rate. In terms of market expansion, the Group will pay more attention to the quality and conversion of projects, further expand the markets of high-tier cities, enhance its advantages in regional operations and various project types, and continue to undertake benchmark projects.

The Group has been actively building up the value chain of its business and has preliminarily achieved economies of scale and formed a distinctive development model since its listing. In the future, the Group will work steadily towards our long-term goals, adhere to the asset-light business model, maintain a balance between investment and returns, and develop innovative businesses selectively. The value-added services to property owners will focus on the services to community, the government and enterprises, improve profitability by placing emphasis on living services, constantly develop the value-added services to institutions with a market-oriented approach, and pilot the integrated service to the government and enterprises by starting with its group catering business. Meanwhile, the Group will further strengthen the application of information technology and build a middle platform for data, so as to support the efficient operation of business and unlock economic benefits. In terms of city services, the Group will adhere to the asset-light model, further improve cash flow and control the risk of payment collection, selectively acquire high-quality projects based on the principle of putting stability first, and generate business synergy with the existing services to public buildings.

In terms of organizational management and integration, the Group adheres to the values of inclusion and diversity, and will further optimize the organizational structure and improve management efficiency, so that all business units can give full play to their professional advantages, brand advantages and geographical advantages. The Group not only must forge ahead together as a "group army" with combined advantages, but also pursue the policy of "letting a hundred flowers blossom" to let individual business units retain their characteristics, persistently implementing the "region-specific strategies" and "enterprise-specific". Moreover, the Group will effectively allocate resources to the front line and streamline management levels, so as to achieve a flat management structure. The Group will continue to develop its smart service capability, implement informatization, accelerate digitalization, and improve management efficiency. In the future, the Group will gradually improve and upgrade the information systems for its various businesses and finance, build a middle platform for data, consolidate data governance and effectively realize cost control. The Group will enhance its digital service capability with a focus on the needs of property owners and the quality of basic property management services, improve the efficiency of monitoring the data about production and operation, and further improve the functions of the digital applications for property owners, so as to make the digital service more convenient.

"A millet one sows in spring, ten thousand grains one harvests in autumn thereby". The property management industry is facing changes and is being reshaped. Industry players need to be determined enough to implement strategies, focus on doing difficult and right things and devote time to deeply developing the core businesses to surmount the economic cycles. In 2024, the Group will continue with its pragmatic approach and remain result-oriented. It will fulfil the industry's mission by refocusing itself on its original aspiration to better serve property owners, meet the needs of people's livelihood with higher quality standards, actively integrate itself into basic-level social governance, consolidate the foundation of the brand and the team, and increase both the corporate value and social value. The Group will adhere to longtermism and its original aspiration, work together to facilitate social development and provide quality services, thereby creating long-term value for its clients, employees, shareholders and business partners.

Acknowledgement

On behalf of the board (the "Board") of directors (the "Directors") of the Company, we would like to extend our heartfelt gratitude to our Shareholders and customers for their enormous support and to our staff members for their dedicated efforts, which contributed to the growth of the Group.

Chan Cheuk Hung/Huang Fengchao
Co-Chairman of the Board

Hong Kong, 25 March 2024

Business Review

In 2023, the overall global economy experienced a relatively weak recovery, while the real estate market in the PRC experienced significant changes in supply and demand dynamics, posing challenges to property management companies in such business environment. The Group proactively addressed these market changes while pursuing quality-driven development and focusing on service quality. The Group made comprehensive efforts to enhance the quality control and service standards of projects and strengthened cash collection and cash flow management, with a focus on optimising operational efficiency and strengthening its risk management capabilities. Moreover, the Group continuously leveraged its market advantages, and intensively cultivated its core business activities to achieve sustainable growth.

During the Year, the revenue of the Group amounted to RMB15,443.4 million, representing an increase of 0.4% as compared with RMB15,378.6 million in 2022. Profit attributable to the shareholders of the Company amounted to RMB460.9 million, representing a decrease of 74.9% as compared with RMB1,839.6 million in 2022. As at 31 December 2023, the GFA under management and contracted GFA of the Group reached 590.5 million sq.m. and 766.6 million sq.m., respectively.

Moreover, the Group consistently received recognitions from the society and the industry, and ranked the 2nd of the "2023 Top 100 Property Management Companies in China" in terms of comprehensive strength in the industry by China Index Academy, with its brand value increasing to more than RMB20 billion. The Group was also awarded the "China's Leading Professional Property Services Brand of 2023", "Top 2 Listed Property Management Company in terms of Comprehensive Capabilities in China for 2023" and "2023 Listed Property Management Companies in China with Excellent ESG Practice".

Financial Review

Revenue

The Group's revenue was derived from four major business lines: (i) property management services; (ii) property owners value-added services; (iii) city services; and (iv) extended value-added services.

For the year ended 31 December 2023, the Group's revenue amounted to RMB15,443.4 million (2022: RMB15,378.6 million), representing an increase of 0.4% as compared with that of the last year.

Among which, for the year ended 31 December 2023, revenue from property management services, property owners value-added services and city services businesses of the Group totalled RMB14,528.6 million, representing a year-on-year increase of 6.3%, and accounted for 94.1% of the Group's total revenue.

	For the year ended 31 December				
	2023 (RMB million)	Percentage of revenue %	2022 (RMB million)	Percentage of revenue %	Growth rate %
Property management	10,806.7	70.0%	10,029.2	65.2%	7.8%
– Residential property projects	4,544.2	29.4%	4,172.0	27.1%	8.9%
– Non-residential property projects	6,262.5	40.6%	5,857.2	38.1%	6.9%
Property owners value-added services	2,334.5	15.1%	2,320.0	15.1%	0.6%
City services	1,387.4	9.0%	1,314.7	8.6%	5.5%
Subtotal:	14,528.6	94.1%	13,663.9	88.9%	6.3%
Extended value-added services	914.8	5.9%	1,714.7	11.1%	-46.6%
– Sales centre property management services	458.3	3.0%	769.0	5.0%	-40.4%
– Other extended value-added services	456.5	2.9%	945.7	6.1%	-51.7%
Total	15,443.4	100.0%	15,378.6	100.0%	0.4%

Property management services

Property management services, which include security, cleaning, greening, gardening, repair and maintenance, etc., are the main source of revenue of the Group.

During the Year, revenue from property management services amounted to RMB10,806.7 million (2022: RMB10,029.2 million), representing an increase of 7.8% as compared with that of the last year. Among which, revenue from residential property projects amounted to RMB4,544.2 million (2022: RMB4,172.0 million), representing an increase of 8.9% as compared with that of the last year; revenue from non-residential property projects amounted to RMB6,262.5 million (2022: RMB5,857.2 million), representing an increase of 6.9% as compared with that of the last year.

The breakdown of the Group's total GFA under management

As at 31 December 2023, the Group's total GFA under management was 590.5 million sq.m.. Among which, the GFA under management from third-party projects accounted for approximately 83.3%. Third-party projects accounted for the majority of the GFA of the Group.

The project portfolio for GFA under management

The Group has established balanced and diversified business portfolio layout with first-mover advantage in niche markets including residential property, public buildings and commercial and office buildings, etc. As at 31 December 2023, for the GFA under management of the Group, the proportion of residential property business portfolio accounted for 42.4% (as at 31 December 2022, 43.6%) and the proportion of non-residential property business portfolio accounted for 57.6% (as at 31 December 2022, 56.4%) (public buildings accounting for 46.0%, commercial buildings and others accounting for 11.6%).

The geographic coverage for GFA under management

As at 31 December 2023, the number of Group's projects under management reached 4,600, covering 31 provinces, municipalities and autonomous regions and 206 cities nationwide.

By region, 33.7% of the Group's GFA under management was located in the Yangtze River Delta region, 18.9% in the Guangdong-Hong Kong-Macao Greater Bay Area, 9.0% in the Shandong Peninsula city cluster, 7.7% in the Chengdu-Chongqing city cluster, while the remaining spread across other regions in the PRC.

The charging mode

The lump sum contract basis, primarily adopted by the Group, is conducive to improving service quality and operational efficiency.

The breakdown of the Group's total contracted GFA

The contracted GFA, which is defined by the Group as areas agreed in the contracts signed with property developers or property owners for providing property management services, includes delivered and to-be-delivered (reserved) GFA, and the reserved GFA that will become the Group's GFA under management and enlarge the source of the Group's revenue in the future.

As at 31 December 2023, the Group's contracted GFA reached 766.6 million sq.m.. The contracted GFA from third-party projects accounted for approximately 80.8% of the total contracted GFA.

Property owners value-added services

Property owners value-added services mainly include living and comprehensive services, home improvement services, community space and other services, and value-added services to institutions and enterprises, which focus on improving the work and living experience of property owners and residents at the properties under management and preserving and increasing the value of their properties.

During the Year, the revenue from property owners value-added services amounted to RMB2,334.5 million, representing an increase of 0.6% as compared with RMB2,320.0 million in 2022, and accounting for approximately 15.1% of the total revenue.

(1) Living and comprehensive services include property maintenance, housekeeping, courtyard gardening, community retail, energy-saving renovation, express delivery, tourism, community second-hand leasing and sales services, comprehensive consulting services, etc. During the Year, the Group optimised its supply chain based on the needs of property owners, and promoted traffic conversion through diversified channels such as live streaming, online communities, direct promotions through property service personnels and offline activities. During the Year, revenue from living and comprehensive services amounted to approximately RMB1,342.5 million, representing an increase of 16.4% as compared with RMB1,152.9 million in 2022, and accounted for approximately 57.5% of revenue from property owners value-added services.

(2) Home improvement services primarily include decoration, turnkey furnishing and community renewal services, etc. During the Year, revenue from home improvement services amounted to approximately RMB171.1 million, representing a decrease of 50.8% as compared with RMB348.1 million in 2022 and accounting for approximately 7.3% of revenue from property owners value-added services.

(3) Community space operation and other services primarily include club house operation services, property operation services, community-based advertising operation, parking lot management services and community asset operation, etc. During the Year, revenue from community space operation and other services amounted to approximately RMB509.9 million, representing a decrease of 0.8% as compared with RMB514.0 million in 2022, and accounted for approximately 21.9% of the revenue from property owners value-added services.

(4) Value-added services to institutions and enterprises include featured value-added services for public buildings, such as catering, commuting services and material procurement services, as well as featured value-added services for commercial and office buildings, such as customized business platform for enterprises, conferencing services, centralised procurement and retailing for enterprises, etc. During the Year, the Group successfully established a group catering business platform "Lemeishan"（樂美膳）and expanded its market presence, securing projects such as the Midea Science and Technology Innovation Centre and Dongguan Public Security Bureau. Additionally, the Group developed a benchmark project of Guangzhou Baiyun Yiyun Industrial Park, which was linked to the property management service projects in the park and was highly recognised by the property owners. Revenue from value-added services to institutions and enterprises amounted to approximately RMB311.0 million, representing an increase of 1.9% as compared with RMB305.0 million in 2022, and accounting for approximately 13.3% of revenue from property owners value-added services.

City services

City services mainly include street cleaning and maintenance, domestic refuse collection and transportation, refuse classification, landscaping and gardening maintenance, municipal facility maintenance, urban space operation, community coordination and governance, smart city management solutions, etc. Currently, the Group's city service projects are mainly divided into single project contracting model and integrated sanitation services, etc.

Adhering to the philosophy of "Mutual development with integration and driven by intelligence", the city services business segment of the Group has built a comprehensive city service system covering three major areas, namely mature cities, emerging urban areas and towns, with a focus on diversified services such as rural living environment improvement, county and town-wide services and city integrated services, with its business scope spanning the entire life cycle of city operations.

During the Year, revenue from city services reached RMB1,387.4 million, representing an increase of 5.5% as compared with RMB1,314.7 million in 2022, and accounting for approximately 9.0% of the total revenue.

Extended value-added services

Extended value-added services primarily include sales centre property management services and other extended value-added services for property developers.

During the Year, the Group recorded revenue from extended value-added services of RMB914.8 million (2022: RMB1,714.7 million), representing a decrease of 46.6% from last year, and accounting for approximately 5.9% of the total revenue, including:

(1) Sales centre property management services (accounting for 50.1% of the revenue from the extended value-added services): the revenue for the Year amounted to RMB458.3 million, representing a decrease of 40.4% as compared with RMB769.0 million in 2022. The decrease of revenue from sales centre property management services was primarily due to the decrease in demand for sales centre services as a result of the continuous decline in property sales and limited incremental supply in real estate market.

(2) Other extended value-added services (accounting for 49.9% of the revenue from the extended value-added services): include property agency services and housing inspection services, etc. The revenue for the Year amounted to RMB456.5 million, representing a decrease of 51.7% as compared with RMB945.7 million in 2022, mainly due to the decrease in demand for related services as a result of the limited new home deliveries from developers and the sluggish sales of new properties.

Cost of sales

The Group's cost of sales primarily consists of employee salaries and benefit expenses, cleaning expenses, security charges, maintenance costs, utilities, greening and gardening expenses, cost of consumables, depreciation and amortisation charges and others.

During the Year, the Group's cost of sales was RMB12,797.9 million (2022: RMB11,994.6 million), representing a year-on-year increase of 6.7%. The increase was primarily due to the increase in expenses related to quality improvement of the Group during the Year in order to enhance its service reputation, and the corresponding increase in various inputs from the gradual growth of business scale and the development of market-oriented business. Overall, the Group's growth of cost of sales was higher than that of revenue, primarily because of the change in revenue structure and the decrease in the proportion of business with a higher gross profit margin.

Gross profit and gross profit margin

	For the year ended 31 December				
	2023		2022		
	Gross profit (RMB million)	Gross profit margin %	Gross profit (RMB million)	Gross profit margin %	Growth rate %
Property management services	1,769.5	16.4%	1,918.7	19.1%	-7.8%
Property owners value-added services	499.9	21.4%	794.3	34.2%	-37.1%
City services	231.9	16.7%	253.3	19.3%	-8.4%
Subtotal:	2,501.3	17.2%	2,966.3	21.7%	-15.7%
Extended value-added services	144.3	15.8%	417.7	24.4%	-65.5%
Total	2,645.6	17.1%	3,384.0	22.0%	-21.8%

During the Year, the Group's gross profit amounted to RMB2,645.6 million, representing a decrease of 21.8% as compared with RMB3,384.0 million in 2022. Gross profit margin decreased by 4.9 percentage points to 17.1% from 22.0% in 2022.

Excluding the impact from extended value-added service businesses, the total gross profit of property management services, property owners value-added services and city services was RMB2,501.3 million, representing a year-on-year decrease of 15.7% as compared with RMB2,966.3 million in 2022; the gross profit proportion increased to 94.5% from 87.7% in 2022.

– The gross profit margin of property management services was 16.4% (2022: 19.1%), representing a decrease of 2.7 percentage points as compared with 2022, which was mainly due to (1) the increase in expenses for equipment maintenance and repair work as a result of the enhancement of service quality; (2) the increase in the project labour costs and energy consumption. Excluding the effect of amortization of intangible assets due to M&A, the gross profit was RMB1,912.5 million and the gross profit margin was 17.7%.

– The gross profit margin of property owners value-added services was 21.4% (2022: 34.2%), representing a decrease of 12.8 percentage points as compared with 2022, which was mainly due to (1) the adjustment of business structure, resulting in the decrease in the proportion of certain businesses with higher gross profit margin but affected by the real estate cycle, and the focus on the living and comprehensive services that are strongly related to management services; (2) the increase in customer acquisition costs.

– The gross profit margin of city services was 16.7% (2022: 19.3%), representing a decrease of 2.6 percentage points as compared with 2022, which was mainly due to (1) the increase in costs such as equipment maintenance and depreciation as a result of the increase in business scale, and the upfront investment costs for the expansion of high-quality projects; (2) the focus on project quality and the withdrawal of certain projects with poor payment collection and higher gross profit margin.

– The gross profit margin of extended value-added services was 15.8% (2022: 24.4%), representing a decrease of 8.6 percentage points as compared with 2022, which was mainly due to the decrease in demands and business scale resulting from the downturn of the real estate industry as well as the relative high input costs.

Selling and marketing expenses

During the Year, the Group's selling and marketing expenses amounted to RMB101.4 million (2022: RMB93.4 million), accounting for 0.7% of the revenue, representing an increase of 0.1 percentage point as compared with that of last year.

Administrative expenses

During the Year, the Group's administrative expenses amounted to RMB841.1 million, representing a decrease of 1.2% as compared with RMB851.7 million in 2022, and accounting for 5.4% of the revenue, representing a decrease of 0.1 percentage point as compared with 2022.

Net impairment losses on financial assets

During the Year, the Group's net impairment losses on financial assets amounted to RMB534.8 million (2022: RMB465.6 million), representing an increase of 14.9% as compared with last year, which was mainly due to the increase in credit risk of several customers.

Other income

During the Year, other income of the Group amounted to RMB191.0 million (2022: RMB232.2 million), representing a decrease of 17.8% as compared with last year, which was mainly due to the movement in tax credits and government grants.

Income tax

During the Year, the Group's income tax expense was RMB349.8 million (2022: RMB517.0 million). The income tax rate was 33.4% (2022: 21.1%). The income tax rate for the Year increased 12.3 percentage points year on year, which was mainly due to the impact of accounting treatment of goodwill impairment on income tax.

Profit

During the Year, the Group's net profit was RMB698.7 million, representing a decrease of 63.9% as compared with RMB1,934.9 million in 2022, which was mainly attributable to (i) the increase in the proportion of non-cyclical business as a result of the adjustment of business structure and the increase in operating costs; and (ii) an impairment provision made for trade and other receivables and goodwill on prudent manner. Net profit margin was 4.5%, representing a decrease of 8.1 percentage points as compared with 12.6% in 2022.

Adjusted core net profit was RMB1,551.8 million, representing a decrease of 30.3% as compared with RMB2,226.8 million in 2022, and adjusted core net profit margin was 10.0%, representing a decrease of 4.5 percentage points as compared with 14.5% in 2022. The adjusted core net profit for property management services, property owners value-added services and city services was RMB1,458.2 million, representing a decrease of 20.5% as compared with RMB1,835.3 million in 2022, and the adjusted core net profit margin was 10.0%, representing a decrease of 3.4 percentage points as compared with 13.4% in 2022.

Profit attributable to the Shareholders for the year was RMB460.9 million, representing a decrease of 74.9% as compared with RMB1,839.6 million in last year. Basic earnings per share were RMB0.32, representing a decrease of 75.4% as compared with last year.

Current assets, reserve and capital structure

During the Year, the Group maintained a sound financial position. As at 31 December 2023, current assets amounted to RMB16,488.0 million, representing an increase of 7.8% from RMB15,300.9 million as at 31 December 2022. As at 31 December 2023, cash and cash equivalents of the Group amounted to RMB4,074.9 million, representing an increase of 7.3% from RMB3,799.3 million as at 31 December 2022. As at 31 December 2023, the Group's cash and cash equivalents were mainly held in Renminbi, Hong Kong dollars, United States dollars and Australian dollars.

As at 31 December 2023, the Group's total equity was RMB14,449.1 million, representing an increase of RMB324.5 million or 2.3% as compared with RMB14,124.6 million as at 31 December 2022, which was primarily due to the profit contribution achieved during the Year.

Property, plant and equipment

The Group's property, plant and equipment mainly comprise buildings, office equipment, machinery equipment and other fixed assets. As at 31 December 2023, the net value of the Group's property, plant and equipment amounted to RMB632.8 million, representing an increase of 5.0% as compared with RMB602.5 million as at 31 December 2022.

Other intangible assets

As at 31 December 2023, the net book value of other intangible assets of the Group was RMB1,170.2 million, representing a decrease of 14.7% as compared with RMB1,372.2 million as at 31 December 2022. Intangible assets of the Group mainly included (i) RMB63.8 million from the trademark value of acquired companies; (ii) RMB1,824.1 million generated from customer relationship and backlogs attributable to acquired companies; (iii) the software developed and purchased by the Group; and (iv) partially offset by amortization of trademarks, customer relationships and software. Trademarks, customer relationship and software had a specific validity period and were carried at cost less accumulated amortization.

Goodwill

The goodwill was primarily derived from the expected future business developments of the acquired companies, expansion of market coverage, diversification of service portfolio, integration of value-added services and improvement of management efficiency.

During the Year, the Group recorded an impairment of goodwill in the amount of RMB427.9 million, which was primarily due to the fact that the business development of some of the subsidiaries acquired in previous years did not proceed as expected, and the Group adjusted this part of the business, resulting in a decrease in its revenue and profit. As at 31 December 2023, the Group's goodwill was RMB2,887.0 million after the aforesaid impairment, representing a decrease of 12.9% as compared with RMB3,314.9 million as at 31 December 2022.

Financial assets at fair value through profit or loss (“FVPL”)

As at 31 December 2023, the Group’s financial assets at FVPL amounted to RMB2,003.4 million, representing an increase of 91.4% as compared with RMB1,046.8 million as at 31 December 2022, which was mainly due to the Group’s purchase of several financial assets to increase the return on its fund.

Trade and other receivables and prepayments

As at 31 December 2023, trade and other receivables and prepayments (including current and non-current portions) amounted to RMB11,130.4 million, representing an increase of 3.9% from RMB10,715.6 million as at 31 December 2022. Among which, trade receivables amounted to RMB7,707.5 million, representing an increase of 11.2% as compared with RMB6,929.3 million as at 31 December 2022, which was mainly due to the increase in the trade receivables from business expansion and the delay in the collection for existing property projects due to the downward market environment. Other receivables amounted to RMB3,350.1 million, representing a decrease of 13.8% from RMB3,885.4 million as at 31 December 2022, which was mainly due to the recovery of receivables from third parties.

Trade and other payables

As at 31 December 2023, trade and other payables (including current and non-current portions) amounted to RMB6,686.3 million, representing an increase of 10.9% as compared with RMB6,028.8 million as at 31 December 2022, which was primarily attributable to the increase in the cost of materials procurement and labour outsourcing and energy consumption due to the expansion of the Group’s business.

Borrowings

As at 31 December 2023, the Group had long-term borrowings of RMB196.7 million, among which RMB81.3 million will be repayable within one year. The Group also had short-term borrowings of RMB100.1 million with a term of less than one year.

Gearing ratio

The gearing ratio is calculated as total borrowings divided by total equity, which is the sum of long-term and short-term interest-bearing borrowings and other loans as at the corresponding date divided by the total equity as at the same date. As at 31 December 2023, the gearing ratio was 2.1%.

Current and deferred income tax liabilities

As at 31 December 2023, the current income tax liabilities of the Group amounted to RMB576.0 million, representing an increase of 2.6% as compared with RMB561.4 million as at 31 December 2022. Deferred income tax liabilities decreased to RMB313.2 million from RMB325.5 million as at 31 December 2022.

Pledge of assets

As at 31 December 2023, the long-term borrowings amounting to RMB93.7 million and the short-term borrowings amounting to RMB52.1 million were secured by certain property, plant and equipment, investment properties and trade receivables of the Group. Details of the Group’s pledge of assets as at 31 December 2023 are set out in notes 15, 16 and 20 to the consolidated financial statements.

Significant investment held, material acquisitions and disposals of subsidiaries, associates and joint ventures

There was no significant investment held, no material acquisitions or disposals of subsidiaries, associates and joint ventures by the Group during the Year.

Contingent liabilities

As at 31 December 2023, the Group had no significant contingent liabilities.

Key risk factors and uncertainties

The following content lists out the key risks and uncertainties confronted by the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

Industry risks

The Group's operations are subject to the economy of the PRC and changes in the macro environment of the real estate industry, as well as the regulatory environment and measures affecting the property management industry in the PRC. In particular, the Group's business performance primarily depends on the total contracted and revenue bearing GFA, level of fees and the number of properties the Group manages, but the Group's business growth is, and will likely continue to be, subject to factors of macro development of the industry and the upstream industries.

Business risks

The Group's ability to maintain or improve the current level of profitability depends on the Group's ability to control operating costs (including labour costs), and the Group's profit margins and results of operations may be adversely affected by the increase in labour or other operating costs; should the Group be unable to procure new property management service contracts or renew existing management service contracts as planned or at desirable pace or price, the Group's revenue may also be adversely affected; should the Group be unable to collect property management fees from customers on time, it may incur impairment losses on receivables; the above may also affect the assessment and impairment risk of goodwill, the performance of operating cash flows and adversely affect the Group's financial position and results of operations.

Foreign exchange risk

The Group's businesses were principally located in the PRC. Except for bank deposits and financial assets at FVPL denominated in HK$, US$ and AUD$, the Group was not subject to any other material risk directly relating to foreign exchange fluctuations. The management will continue to monitor the foreign exchange exposure, take prudent measures and develop hedging strategy as appropriate to reduce foreign exchange risks.

Employees and remuneration policies

As at 31 December 2023, the Group had 96,018 employees (31 December 2022: 95,102). Total staff costs amounted to RMB6,183.9 million, representing an increase of 4.5% as compared with RMB5,917.5 million in 2022. The increase in staff costs was mainly due to the increased demand for high-quality talents in response to the requirements of the Group's business development.

The compensation plan of the Group is determined with reference to the market levels as well as employees' performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides employees with a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training programs appropriate to the employees' needs.

Apart from taking into account the advice from the remuneration and appraisal committee of the Board and the market levels, the Company also considers the competency, contributions and the responsibilities towards the Company in determining the level of remuneration for the Directors. Appropriate benefit schemes are in place for the Directors.

Significant Event after the Reporting Date

As at the date of this report, the Group did not have any significant event subsequent to 31 December 2023.

Business Development

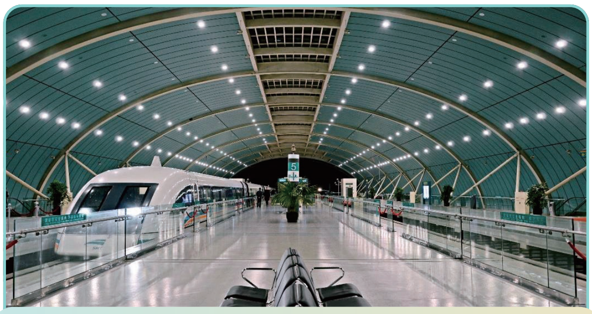
The Group adheres to the corporate mission of "lifelong caring for you, heartwarming service to city", and focuses on service quality to improve property owners' satisfaction. The Group has formed a business layout covering various business portfolios and the whole industry chain, providing property management services, property owners value-added services, city services and extended value-added services.

During the year, the Group focused on non-cyclical business, attached importance to service quality and operational quality, strengthened service capabilities in the residential and non-residential sectors, and effectively improved the service experience of property owners. Sticking to the asset-light development strategy, the Group steadily formulated industrial layout, deeply cultivated sustainable business with a high-quality development model, striving to become a preeminent quality service provider in China.

Multiple projects selected as industrial demonstration benchmark

Agile Mountain Guangzhou

Agile International Center Nanning



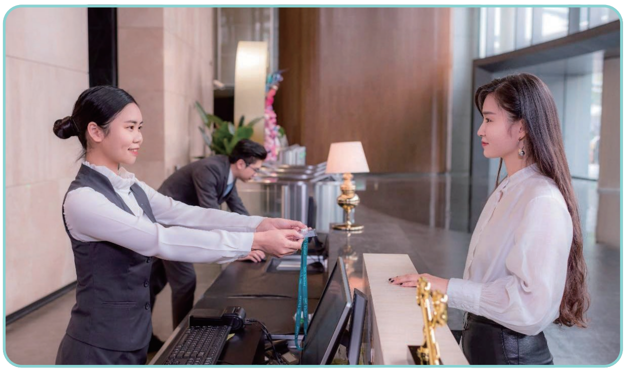
Longyang Road Station of Shanghai Maglev Train Demonstration Operation Line

City Steward Service Project in Henggang Subdistrict, Longgang District, Shenzhen

Business segments

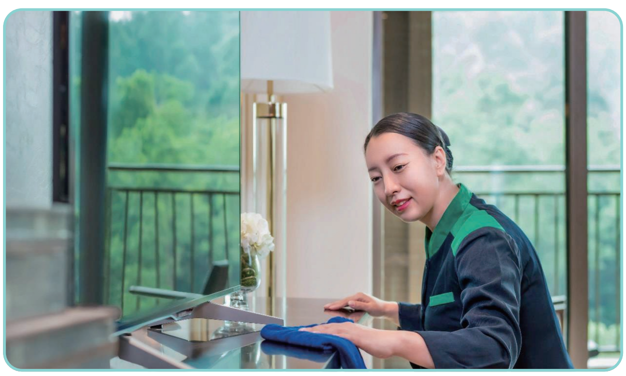
Property management services

Property management services include security, cleaning, greening, gardening, repair and maintenance, etc. Property management service is one of the Group's core business segments and a major source of income.



Property owners value-added services

Property owners value-added services mainly include living and comprehensive services, home improvement services, community space and other services, and value-added services to institutions and enterprises. This business segment focuses on improving the work and living experience of property owners and residents at the properties under management and preserving and increasing the value of their properties.

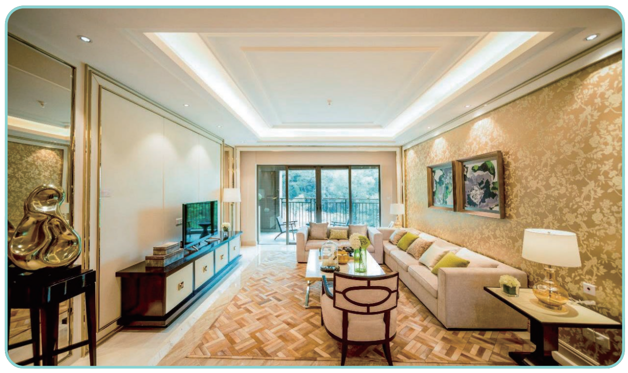


City services

City services mainly include street cleaning and maintenance, domestic refuse collection and transportation, refuse classification, landscaping and gardening maintenance, municipal facility maintenance, urban space operation, community coordination and governance, smart city management solutions, etc. Currently, the Group's city service projects are mainly divided into single project contracting model and integrated sanitation services, etc.

Extended value-added services

Extended value-added services primarily include sales centre property management services and other extended value-added services for property developers.



Investor Relations

The Group attaches great importance to maintaining effective communication with shareholders, and is dedicated to establishing a professional, open and efficient communication mechanism for investor relations. By upholding the principles of truthfulness, accuracy, completeness, timeliness and fairness, the Group disseminates information such as operating results, business development as well as other compliance information and disclosures to the capital market through a professional investor relations team in accordance with the rules and regulations for listed companies, so as to help investors understand its business performance and strategies.

In the post-pandemic era, the Group adapts to the changes in communication habits, actively implements digital communication methods, establishes effective interaction with all parties in the capital market by flexible and diversified communication methods and channels such as live streaming, email communication and WeChat official account push, so as to expand coverage of communication and ensure timely information-sharing.

In 2023, the Group actively maintained close contact with shareholders, potential investors and analysts by holding the annual general meeting, organising annual and interim results investor presentations, and participating in roadshows, investor conference and summit and conducting one-on-one investor meetings. The Group also listened to the feedback from its stakeholders, responded to market concerns in a timely manner to ensure that investors have a clear understanding of the Company's business development.

The Group is committed to complying with relevant laws, regulations and regulatory requirements, and maintaining a high standard of information disclosure. The Group's key corporate governance policies, financial reports and announcements are available on the HKEXnews platform of the Stock Exchange of Hong Kong Limited or the Group's website.

The Group also strives to improve the transparency and timeliness of information disclosure to provide investors and all stakeholders with comprehensive and accurate information. By optimizing internal communication and collaboration, the Group has been strengthening information sharing and coordination among various departments, ensuring consistency, accuracy and reliability of information disclosed through strict verification.

In the future, the Group will continue to proceed investor relations work with professionalism, efficiency and compliance, enhancing the public's understanding of, recognition on and trust in the Company. The Group believes that an effective, stable and diversified communication mechanism will help the capital market fully understand its investment value. The Group will continue to timely disseminate its corporate culture, business philosophy, development strategies and other information about its development to the market in compliance with the rules and regulations of listed companies, improve its investor relation management and create value for shareholders.

The Group fully implements the corporate mission of "lifelong caring for you, heart-warming service to city", and is committed to creating a quality environment suitable for living and working. The Group adheres to social responsibility and deeply integrates the core concepts of environmental, social and governance (ESG) into the Group's business operations, while pursuing growth in business value. The Group continuously improves ESG management standards, strictly monitors the results, ensures the continuous creation of value for all stakeholders, and promotes the sustainable development of society and the country.

Compliant Operation Driven by Disciplined and Orderly Management

The Group continuously improves the ESG governance system with the Board as the core to ensure that ESG-related matters are fully supervised and implemented. The Board reviews the progress of achieving ESG targets through regular meetings to ensure the effective operation of ESG management. Meanwhile, the Group incorporates ESG risks into its comprehensive risk management and internal control system. The Risk Management Committee is responsible for formulating the risk management framework, regularly reviewing and evaluating the effectiveness of the framework, and supervising the effective implementation of ESG risk control measures. In addition, the Group continued to improve the regular communication mechanism with stakeholders, and enhanced the Group's ESG management by understanding the expectations and demands of stakeholders.

The Group adheres to compliant operation to ensure the integrity and orderly corporate operation. It continues to improve its internal supervision system to identify, investigate and deal with violations of integrity in a timely manner, through strict implementation of an integrity system, mechanism for disciplinary violation reporting and whistle-blower protection, implementation of internal control and regular audit procedures. In addition, the Group continues to integrate culture of integrity into its daily work, provide integrity standards education to directors and all employees, publicize the Group's requirements on integrity management, guide employees to strengthen integrity and self-discipline concepts, and create a clean and upright business atmosphere.

Forging Quality Services via Relentless Pursuit of Excellence

The Group adheres to the action guideline of "providing dedicated services with quality as the lifeblood" and the service concept of "customer-oriented", aiming to provide customers with a service experience beyond expectations. The Group ensures the standardization of service processes and the stability of service quality through building a comprehensive service standardization system. At the end of the Year, the Group has built a total of 69 benchmark property service projects. For property management services, the Group not only focuses on the standardization of basic services, but also realizes the intelligence and informatization of services by introducing intelligent technologies such as intelligent security system, automatic facility management, and Internet of Things. In addition, the Group continued to improve the workflow and requirements for handling customer demands to ensure that customer demands were handled in a timely and effective manner. During the Year, the resolution rate of customer complaints reached 95%, and the satisfaction rate of complaint handling reached 98%. As for community culture construction, the Group has held more than 6,000 diversified community activities as of the end of 2023, such as festival celebrations, environmental protection, art festival activities, health and science popularization, etc., aiming to enrich the cultural life of property owners and enhance the cohesion and vitality of the community.

Sincere Care Enhancing Cohesion of Employees

The Group understands that employees are the cornerstone of its development. The Group provides employees with a comprehensive training system and rich training resources, including new employee orientation, on-the-job skill improvement training and management leadership training, to facilitate its employees and the Group grow together. The Group also continuously improves the career development path for employees, encourages internal promotion, and provides employees with broad career development prospect. In terms of employee benefits, the Group provides a competitive remuneration system and a wide range of employee benefits, such as health insurance, holiday benefits, team building activities, etc., and launches a series of "LOHAS Workplace"（"樂活職場"）employee caring activities, to improve employees' satisfaction and sense of integration. The Group has established an occupational health and safety management system in compliance with ISO 45001 to ensure the health and work safety of employees. Meanwhile, the Group pays attention to creating a good working environment. By establishing employee communication mechanisms, such as employee suggestion boxes and regular seminars, the Group listens to the voices of employees and solves their difficulties and problems in a timely manner.

Taking Multiple Measures to Promote Green Development

The Group strictly abides by the national and local laws and regulations on environmental protection, and integrates the concept of green environmental protection into all aspects of its operations. The Group has established its environmental management systems under ISO 14001 and energy management systems under ISO 50001 for a number of its property projects under management. The Group advocates green operation and effectively reduces energy consumption by implementing energy-saving renovations, such as the introduction of energy-saving equipment and the establishment of an energy management system. For water resources management, the Group adopts water-saving appliances and implements rainwater collection and recycling systems to reduce the waste of water resources. For waste treatment, the Company promotes waste classification and establishes a waste recycling system to improve the recycling rate of waste. In addition, the Group carries out knowledge popularization activities on environmental protection and actively participates in environmental advocacy, such as afforestation and marine protection, to fulfil its corporate social responsibility with practical actions and contribute to the protection of environment.

In 2023, the Group further strengthened the information management related to climate change, disclosed the climate-related risks and its responding strategies, clarified the identification, impact assessment and response measures to climate change risks, which demonstrated the Group's determination to mitigate the impact on climate change and to seize the opportunity of green and low-carbon transformation, as well as its response to the China national goals of the "carbon peaking and carbon neutrality".

Dedicated Cooperation for Common Development

In 2023, the Group continued to deepen the cooperation with its suppliers and was committed to building a stable, healthy and long-term cooperation ecosystem. The Group ensured the service quality and performance ability of suppliers through a strict supplier access and evaluation process to ensure the stability and health of the supply chain. The Group actively promoted the construction of a sustainable supply chain, evaluated the ESG performance of suppliers throughout the life-cycle of supplier management, and clarified clauses in contracts on environment protection and social responsibility to encourage suppliers to fully fulfil relevant responsibilities. The Group also promoted transparent procurement, required all suppliers to sign the Integrity Agreement, and strictly prevented corruption through the establishment of supplier reporting channels to ensure the legality and compliance of procurement. In addition, the Group also held supplier conferences to strengthen communication with suppliers and jointly maintain a clean and orderly supplier system. As for empowerment of member enterprises, the Group provided all-round support for member companies through resource sharing, information output, management empowerment and other methods, and promoted the full integration of business, resources and talents to achieve the Group's high-quality development.

Promoting Public Welfare with Continuous Contribution to Society

The Group actively fulfil its social responsibilities, and conveys its warmth and care by participating in and organizing various community services and volunteering activities, so as to contribute to the harmonious development of the society. In 2023, the Group organized party members and volunteers to participate in community co-construction activities by creating a new community management model of "five-party joint construction" thereby strengthening the governance for the basic level and the modernization of the community. By launching "Xiaoya Convenience Service Stations" campaign, the Group provided convenient living services to property owners, such as free medical consultations and home appliance maintenance, so as to create a harmonious atmosphere in the community. At the same time, the Group actively responded to the national demand for elderly care services, promoted the construction of elderly-friendly communities, and provided elderly property owners with rich cultural and recreational activities and caring services. In addition, the Group raised funds to support education through charity sales and other public welfare activities, fully reflecting its corporate social value and responsibility.

The Group pursues relentless improvement in the long-term performance of environmental, social and governance, strictly complies with the information disclosure requirements of the Hong Kong Stock Exchange, and will publish a separate ESG report in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix C2 to the Listing Rules to provide a full picture of its ESG management performance for the year 2023.

Signing the "Employee Integrity Commitment"

"Children's Art Festival"

Group photo of management trainees under "LOHAS π Qing Lan Program（樂活π青藍計劃）"

Employee sports activities in South China Region

Colourful cultural and recreational activities for the elderly

Inviting medical professionals in the community

Mr. Chan Cheuk Hung（陳卓雄）, aged 66, has been re-designated as an executive Director and co-chairman of the Board with effect from 31 May 2018. Prior to such, he was a non-executive Director since 21 July 2017. He has been the co-chairman of the Board since 27 August 2017 and is a member of the risk management committee of the Board. Mr. Chan is responsible for the formulation of development strategies and provision of guidance for the overall development of the Group. He has been an executive director of Agile Holdings (stock code of Hong Kong Stock Exchange: 3383), since August 2005. Mr. Chan is an executive director and vice president of Agile Holdings and is mainly responsible for providing guidance for the overall operation of Agile Holdings. Mr. Chan is also a director of certain subsidiaries of the Company. Mr. Chan has over 31 years of experience in real estate development and related businesses.

Mr. Chan received various awards including pioneer worker（先進工作者）for the year of 1998 by Zhongshan Individual Workers Association（中山市個體勞動者協會）and Zhongshan Private Enterprise Association（中山市私營企業協會）and the Outstanding Contribution Award for Community Development（小區建設突出貢獻獎）in the Evaluation of the National Representative Well-off Residential Community（國家小康住宅示範小區評比）by the Ministry of Construction of the PRC（中華人民共和國國家建設部）in 2000. Mr. Chan also served as an executive director of the second council of Zhongshan Private Enterprise Association（中山市私營企業協會第二屆理事會）and the fourth council of the Zhongshan Individual Workers Association（中山市個體勞動者協會第四屆理事會）in 1999, and a director and executive director of Guangdong Real Estate Association（廣東省房地產業協會）in 2004.

Mr. Chan Cheuk Hung is the father of Mr. Chen Siyang, an executive Director.

Mr. Huang Fengchao（黃奉潮）, aged 61, has served as an executive Director and the chairman of the Board of the Company since 21 July 2017, and has been the co-chairman of the Board since 27 August 2017. He is also the chairman of the nomination committee and the risk management committee of the Board, and a member of the remuneration and appraisal committee. Mr. Huang performed the duties of the president (general manager) and chief executive officer of the Company from 9 November 2018, and was officially appointed on 28 May 2019 and later resigned on 21 July 2020. Mr. Huang is also a director of certain subsidiaries of the Company. He is responsible for formulating the overall strategic development strategies and policies of the Group and monitoring their implementation. Mr. Huang has over 24 years of experience in real estate development and property management. Mr. Huang joined Agile Holdings in October 1999 and has successively served as a general manager of Zhongshan Agile Real Estate Development Co., Ltd.（中山市雅居樂房地產開發有限公司）, head of the real estate management center of Agile Holdings and general manager of Guangzhou Nanhu Agile Real Estate Development Co., Ltd.（廣州南湖雅居樂房地產開發有限公司）and Guangzhou Huadu Agile Real Estate Development Co., Ltd.（廣州花都雅居樂房地產開發有限公司）. Mr. Huang has been the vice president of Agile Holdings since January 2005 and has been responsible for the development of real estate projects across the country and property management. Mr. Huang has also served as president of the Hainan and Yunnan regions since 2008 and in charge of the tourism real estate development management. Mr. Huang has been serving as an executive director and vice president of Agile Holdings since March 2014.

Mr. Huang graduated from Guangdong Petroleum School（廣東石油學校）(now known as Guangdong University of Petrochemical Technology（廣東石油化工學院）) in the PRC in July 1983 majoring in turbine management.

Mr. Li Dalong（李大龍）, aged 39, has been an executive Director, the president (general manager) and chief executive officer of the Company since 21 July 2020. He is also a member of each of the remuneration and appraisal committee, the nomination committee and the risk management committee of the Board. He was the chief financial officer from August 2016 to July 2020, the joint company secretary from August 2017 to July 2020, and the executive vice president from November 2019 to May 2020. He is responsible for overall strategic decisions, business planning and major operational decisions of the Group. Mr. Li is also a director of certain subsidiaries of the Company. He has over 19 years of experience in operations, finance, investment and capital markets.

Mr. Li has profound management experience as well as solid industry knowledge. Since the listing of the Group, he has been assisting the Board in formulating and implementing development strategies and highly enhanced the recognition of the Group in the industry and capital markets. Mr. Li has executed Group's strategy of industry consolidation and led the team completing several quality acquisitions including the acquisitions of A-Living Futurelife Property Management Services Limited（雅生活未來物業管理服務有限公司）(formerly known as CMIG Futurelife Property Management Limited（中民未來物業服務有限公司）and Minrui Property Management (Shanghai) Co., Ltd.（民瑞物業服務（上海）有限公司）, to enhance the Group's business portfolio layout and to establish the leading advantages.

Prior to joining the Group, from November 2013 to June 2016, Mr. Li was a senior manager of the capital market department at PricewaterhouseCoopers (Hong Kong), an accounting firm, where he primarily provided a series of professional services in connection with capital markets transactions. From August 2005 to November 2013, Mr. Li successively served as auditor, senior auditor, manager and senior manager at PricewaterhouseCoopers Zhongtian LLP (Shanghai), an accounting firm.

Mr. Li is a member of the Chinese Institute of Certified Public Accountants in the PRC. He obtained his bachelor's degree in literature in July 2005, and second bachelor's degree in administration management in June 2005, from Shanghai Jiao Tong University（上海交通大學）.

Mr. Chen Siyang（陳思楊）, aged 39, has served as an executive Director of the Company since 21 July 2023, and has been the vice president of the Group since May 2023. He is in charge of the operation management center and market development center of the Group. Mr. Chen has extensive experience in corporate governance, operation management and market resource development.

Mr. Chen joined Agile Holdings in 2010 and has held key positions in Agile Holdings and its industrial groups. From June 2010 to July 2016, he successively served as cost commissioner, cost manager and cost director of Agile Holdings. From August 2016 to February 2017, Mr. Chen was in charge of investment and operational business in the Group. From March 2017 to May 2023, Mr. Chen successively served as the vice president of the construction group, the co-chairman of the board of the real estate construction management group and the vice president of capital investment group of Agile Holdings.

Mr. Chen Siyang is the son of Mr. Chan Cheuk Hung, an executive Director and co-chairman of the Company.

Mr. Xu Yongping（徐永平）, aged 58, has served as a non-executive Director of the Company since 21 July 2023. He has been the party secretary and chairman of Longcheng City Operation Service Group Co., Ltd.（龍城城市運營服務集團有限公司）(an indirect non wholly-owned subsidiary of the Company and a property management company) since June 2013. Mr. Xu is also a director and a supervisor of certain subsidiaries of the Company. Mr. Xu has over 26 years of experience in the property management industry.

Mr. Xu has been a member of the Shenzhen Longgang District Political Consultative Conference（深圳市龍崗區政協委員）since October 2021, a member of the non-public party committee of the Communist Party of China in Longgang District（中共深圳市龍崗區非公黨委委員）since December 2019, a standing committee member of the Shenzhen Longgang District Federation of Industry and Commerce（深圳市龍崗區工商聯常委）since September 2019, a president of the Shenzhen Longgang District Property Management Association（深圳市龍崗區物業管理協會會長）since August 2015 and a vice president of the Shenzhen Property Management Industry Association（深圳市物業管理行業協會副會長）since November 2012.

He is currently a PRC registered property manager, an enterprise human resources manager and a senior engineer in construction engineering.

Mr. Xu graduated from Anhui University of Mechanical and Electrical Engineering (now known as Anhui University of Engineering) in the PRC in 1986 with a bachelor degree in applied electronic technology. In 2004, he received a postgraduate degree in regional economics from Fudan University in the PRC.

Mr. Wang Gonghu（王功虎）, aged 49, has served as an independent non-executive Director of the Company since 21 July 2023. He is also the chairman of the audit committee of the Board, a member of each of the remuneration and appraisal committee, the nomination committee and the risk management committee of the Board. He was a supervisor of the Company from July 2020 to July 2023.

He is currently a deputy general manager of Tianneng Holding Group Strategic Capital Management Center（天能控股集團戰略資本管理中心）. Mr. Wang served as the chairman of Suzhou Yangtze New Materials Co., Ltd.（蘇州揚子江新型材料股份有限公司）("Suzhou Yangtze") (a PRC incorporated company of which the shares are currently listed on the Shenzhen Stock Exchange, stock code: 002652) from January 2021 to December 2022, and a director from January 2018 to December 2020. From July 2014 to December 2022, he had successively been a financial director, the chief financial officer, the chairman and the president of CMIG Futurelife Holdings Group Company Limited（中民未來控股集團有限公司）, which is a substantial shareholder of the Group at a subsidiary level. From July 1997 to June 2014, he had respectively worked as a financial manager of Beijing Founder Electronics Co., Ltd.（北京北大方正電子有限公司）, a financial director of Shanghai Hinge Software Co., Ltd.（上海和勤軟體技術有限公司）, a deputy general manager of Copious Zhenjiang Fertilizer Co., Ltd.（科比斯鎮江肥業有限公司）, a financial director of Shanghai QST Corporation（上海矽睿科技有限公司）and etc.

Mr. Wang is currently a senior accountant and a member of the Chinese Institute of Certified Public Accountants in the PRC.

Mr. Wang obtained his bachelor's degree in economics and management from Nanjing University in the PRC in 2002 and his master's degree in accounting from Shanghai University of Finance and Economics in the PRC in 2010.

On 14 November 2023, the Board learned that the China Securities Regulatory Commission (the "CSRC") has issued a formal decision of administrative penalties numbered [2023]75 (the "Decision of Administrative Penalties") against Suzhou Yangtze, and certain directors and senior management of Suzhou Yangtze, including Mr. Wang, regarding breach of securities laws and regulations. Based on the Decision of Administrative Penalties, from 2018 to 2020, Suzhou Yangtze had material omissions and falsely increased its revenue and made false disclosures in its 2018 to 2020 annual reports. Mr. Wang was the chairman of Suzhou Yangtze from September 2019 to October 2022 and signed the written confirmation for 2019 and 2020 annual reports in the capacity of the chairman of the board of Suzhou Yangtze, and was regarded as a directly responsible officer. The CSRC decided, among other decisions, to give a warning to and imposed a fine of RMB500,000 on Mr. Wang.

To the best knowledge and belief of the Board having made all reasonable enquiries, the Decision of Administrative Penalties is not related to the Group and the financial and operation positions of the Group will not be affected by the Decision of Administrative Penalties. In view that Mr. Wang has actively reported the relevant issues and cooperated with CSRC in its investigation, the Company considers that nothing has suggested that the Decision of Administrative Penalties will affect his suitability to act as an independent non-executive Director.

For further details, please refer to the announcement of the Company dated 14 November 2023.

Mr. Weng Guoqiang（翁國強）, aged 63, has served as an independent non-executive Director of the Company since 21 January 2022. He is also the chairman of the remuneration and appraisal committee, a member of each of the audit committee and the nomination committee of the Board. He has extensive experience in the property management industry in Shanghai for over 24 years. He had served as a general manager of Shanghai Lujiazui Property Management Co., Ltd.（上海陸家嘴物業管理有限公司）from October 1999 to May 2008 and as a general manager of Wuxi Dongzhou Property Management Company Limited（無錫東洲物業管理有限公司）from May 2008 to December 2009. Since January 2010, Mr. Weng has taken up the positions of general manager and subsequently executive director in Shanghai Tonglai Property Management Company Limited（上海同洣物業管理有限公司）.

Mr. Weng currently serves as an independent non-executive director of Riverine China Holdings Limited (the shares of which are listed on the Hong Kong Stock Exchange (stock code: 1417)) since November 2017.

Mr. Weng was the vice president of China Property Management Institute（中國物業管理協會）from 2002 to September 2014. Since October 2014, he has been the senior consultant of China Property Management Institute. Since 1999, Mr. Weng has been the vice president of Shanghai Property Management Industry Institute（上海市物業管理行業協會）(during the period between 2016 and 2017 served as the chairman of Shanghai Property Management Industry Institute).

Mr. Weng graduated with a Bachelor degree in Applied Mathematics from the Tongji University in the PRC in July 1982 and a Master degree in Public Administration from the University of Macau in Macau in September 2003.

Mr. Weng was accredited as a National Vocational Qualification Level 2 Vocational Management Professional（國家職業資格二級職業經理人）in May 2003 and a Level 1 Senior Vocational Management Professional（一級高級職業經理人）in September 2004 by the Shanghai Vocational Skill Testing Authority（上海市職業技能鑒定中心）. Mr. Weng was also accredited as a Certified Property Manager by the Personnel Department of Shanghai（上海市人事局）in October 2006 and an Advanced Economist（高級經濟師）by the Personnel Department of Jiangsu Province（江蘇省人事廳）in September 2009.

Mr. Li Jiahe（黎家河）, aged 63, has served as an independent non-executive Director of the Company since 3 March 2023. He is also a member of each of the audit committee, the remuneration and appraisal committee, the nomination committee and the risk management committee of the Board. He has over 20 years of experience in property management related work. He had served as a manager of the finance department of Poly Development and Holdings Group Co., Ltd.（保利發展控股集團股份有限公司）(a company listed on Shanghai Stock Exchange under the stock code: 600048) ("Poly Holdings") from March 1993 to April 2000 and as a manager of the human resources department of Poly Holdings from September 2002 to January 2005. Mr. Li had served as a deputy general manager of Poly Property Services Co., Ltd.（保利物業服務股份有限公司）(formerly known as Poly Property Development Co., Ltd.（保利物業發展股份有限公司）) (a company listed on the Hong Kong Stock Exchange under the stock code: 6049) ("Poly Property") from May 2000 to August 2002, and as a general manager, a director and the chairman of Poly Property successively from January 2005 to April 2019. From May 2019 to August 2020, Mr. Li had served as an executive director and a member of the remuneration committee of Poly Property.

Mr. Li obtained a certificate of completion of corporate management (finance and investments) from Sun Yat-sen Business School（中山大學管理學院）in September 2004. Mr. Li was qualified as a property management manager in December 2005.

Mr. Liu Jianrong（劉劍榮）, aged 44, has served as a Supervisor and the president of the Supervisory Committee since 21 July 2020. He has been the general manager of the internal audit department of the Company since May 2018. Mr. Liu is also a supervisor of a subsidiary of the Company. Mr. Liu joined Agile Holdings in September 2015 as a senior manager of the internal audit department.

Prior to joining Agile Holdings, from July 2002 to September 2015, Mr. Liu served as an officer and a first-level police officer (deputy section-level) of the Tangxia police station in Tianhe District of Guangzhou Municipal Public Security Bureau.

Mr. Liu obtained the legal professional qualification certificate from the Ministry of Justice of the PRC. He obtained his bachelor's degree in international economic law in June 2002 from Nanjing University（南京大學）.

Ms. Huang Zhixia（黃智霞）, aged 41, has served as a Supervisor since 21 July 2017. She has been the administrative manager of the Company since April 2015 and is responsible for administration. Ms. Huang is also a director or a supervisor of certain subsidiaries of the Company. Ms. Huang has over 18 years of experience in administration. Ms. Huang joined Agile Holdings in June 2004 as an administrative manager and was responsible for administration and management of Agile Holdings.

Ms. Huang graduated from Guangdong AIB Polytechnic College（廣東農工商職業技術學院）in the PRC with a major in e-commerce in June 2003 and graduated from Sun Yat-sen University（中山大學）in the PRC with a major in business management through online education in July 2013.

Ms. Zhang Pingting（張娉婷）, aged 47, has served as a Supervisor since 21 July 2023. She joined Agile Holdings since 2011 and is currently the senior human resources director of human resources and administration center of Agile Holdings. Prior to joining Agile Holdings, she was the head of the personnel section of the general management department of GAC Toyota Motor Co., Ltd.（廣汽豐田汽車有限公司）. Ms. Zhang has over 20 years of experience in human resources.

Ms. Zhang graduated from Hunan University of Humanities, Science and Technology（中國湖南人文科技學院）in the PRC (formerly known as Hunan Loudi Normal College in the PRC（中國湖南婁底師範高等學校））in 1997 and graduated from South China Normal University in the PRC（中國華南師範大學）in 2006 with a major in human resource management.

Mr. Zheng Jiancheng（鄭健程）, aged 43, has served as a Supervisor since 21 July 2023. He has been the legal representative of Guangdong Zhuoguan Industrial Investment Co., Ltd.（廣東卓冠實業投資有限公司）since 2021. He worked as a director of the Government Project Management Center of Zhongshan Cuiheng New District（中山市翠亨新區政府項目管理中心）from 2015 to 2021. He worked as a standing deputy director of Urban Construction and Management Bureau of Sanxiang Town in Zhongshan City（中山市三鄉鎮城市建設和管理局）from 2009 to 2015.

Mr. Zheng holds the senior engineer qualification of constructional engineering management. He obtained his bachelor's degree in resources and environment and urban and rural planning management from Guangzhou University in the PRC in January 2009.

Mr. Wang Shao（王韶）, aged 52, has served as a Supervisor since 21 August 2017.

Mr. Wang has been serving Guangdong Real Estate Association（廣東省房地產行業協會）since October 1994, and is currently the president where he is responsible for its overall management, including strategic planning, public relations and presiding the council meeting. Since June 2003, he has also served various positions in Southern Real Estate Magazine（南方房地產雜誌社）, an affiliate to Guangdong Real Estate Association, where he is currently the president and is responsible for its overall management, including planning, management by objectives and communications and cooperations.

Mr. Wang currently serves as an independent non-executive director of Starjoy Wellness and Travel Company Limited (formerly known as Aoyuan Healthy Life Group Company Limited) (stock code of Hong Kong Stock Exchange: 3662).

Mr. Wang graduated from Sun Yat-sen University（中山大學）in the PRC majoring in real estate brokerage and management in June 1994, and his bachelor's degree in administration management from the same university in July 1999.

Mr. Wang is currently a director of China Real Estate Association（中國房地產業協會）.

Ms. Zhao Yu（趙昱）, aged 44, joined Agile Holdings in February 2007 and has since served as the vice general manager of Agile's city company in Xi'an. From 2013 to June 2020, she was the vice president of Agile Holdings in Western China Region. Since July 2020, Ms. Zhao Yu has been re-designated as the vice president of the Group and is responsible for assisting the chief executive officer of the Group with strategic management of the Group, and in charge of the business of city services, human resources and administration and brand management of the Group.

Ms. Zhao Yu obtained the certificate of human resources manager (national qualification class 1) of the PRC and bachelor's degree in business administration from Xi'an University of Technology（西安理工大學）in the PRC.

Mr. Wang Tao（王韜）, aged 40, has been the vice president of the Group and the president of the community commercial service company since 1 July 2022. He is in charge of the investment management center and responsible for coordinating the development of community commercial service business, investment business and post-investment management of the Group. He served as the vice president of the public service company of the Group from October 2020 to December 2020, the general manager of the board secretary office from January 2021 to September 2021, the president of the community commercial service company from October 2021 to December 2021, and the assistant to the president of the Group and the president of the community commercial service company from January 2022 to June 2022. Mr. Wang is also a director of certain subsidiaries of the Company.

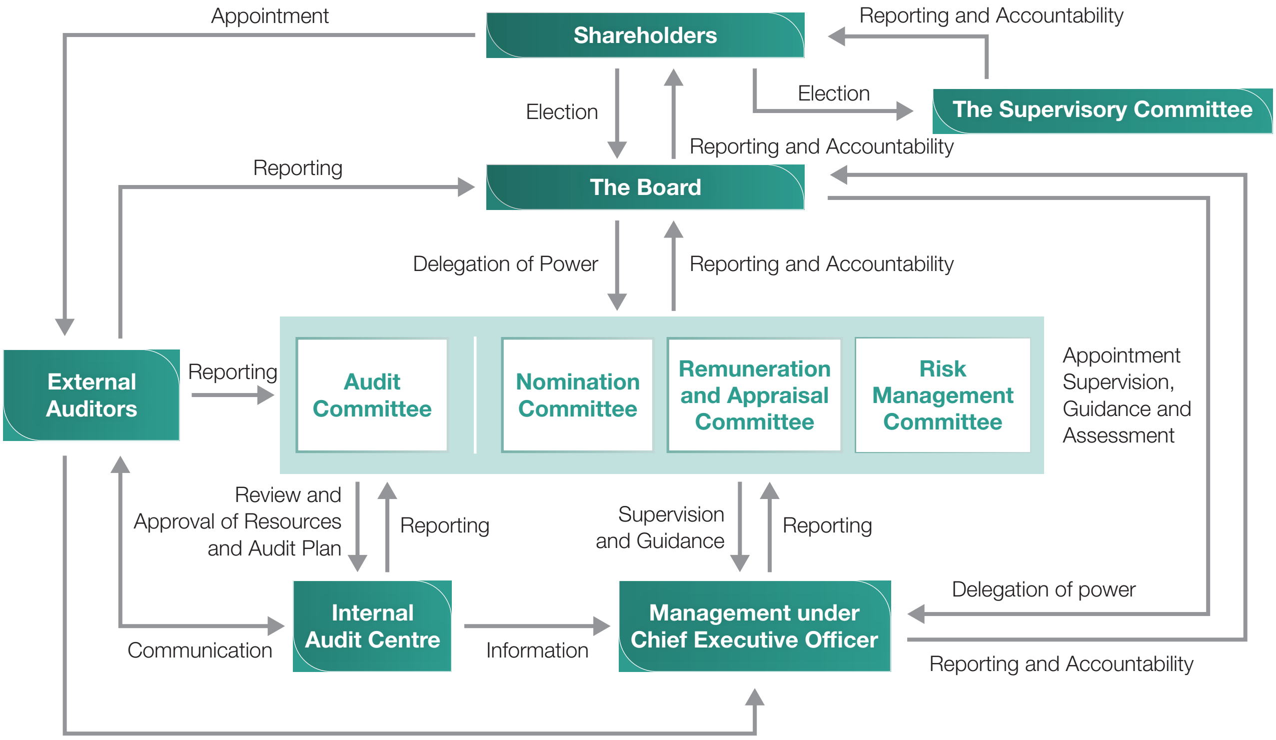
Mr. Wang has over 18 years of experience in finance, investment, post-investment management and capital markets, and has led and completed several mergers and acquisitions, IPO and capital market transactions. Before joining the Group, he was a partner of Gongqingcheng Dongxing Zhiming Investment Management Partnership (Limited Partnership)（共青城東興智銘投資管理合夥企業（有限合夥））from October 2016 to September 2020, a vice president in investment of China Everbright Investment Co., Ltd. from October 2015 to September 2016. He was a senior manager of the capital market department at PricewaterhouseCoopers (Hong Kong) from October 2013 to February 2015 and successively served as auditor, senior auditor, manager and senior manager at PricewaterhouseCoopers Zhongtian LLP from August 2006 to September 2015.

Mr. Wang is a member of the Chinese Institute of Certified Public Accountants in the PRC. He obtained his bachelor's degree in management and statistics (second bachelor's degree) from Peking University（北京大學）in the PRC in July 2006.

Mr. Huang Jiayi（黃嘉毅）, aged 42, joined the Group in June 2022 as the Chief Financial Officer and has been the joint company secretary since November 2022. He is responsible for the capital markets, accounting and financial management and company secretarial affairs of the Group. Prior to joining the Group, from September 2004 to January 2010, Mr. Huang successively served as auditor, senior auditor and audit manager at PricewaterhouseCoopers Zhongtian LLP (Shanghai). From January 2010 to November 2013, he successively served as finance manager, senior finance manager and district financial director of Shimao Group Holdings Limited (formerly known as Shimao Property Holdings Limited) (a company listed on the Hong Kong Stock Exchange under the stock code: 813). From November 2013 to June 2019, he successively served as group financial director and group financial deputy manager of Shanghai Yuanxing Huanyu Real Estate Group（上海遠星寰宇房地產集團）(formerly known as Red Star Macalline Real Estate Group（紅星美凱龍房地產集團）) and the chief financial officer of Red Star Aegean Business Group（紅星愛琴海商業集團）. From July 2019 to June 2022, he served as the chief financial officer of Shanghai Zhidi Group（上海智杕控股集團）.

Mr. Huang is a member of the Chinese Institute of Certified Public Accountants in the PRC. He obtained his bachelor's degree in finance in 2004 from Shanghai Jiao Tong University（上海交通大學）in the PRC and completed the Wharton&E-House (China) Real Estate Executive Program at the Wharton School of University of Pennsylvania in 2018.

Corporate Governance Structure



The board of directors (the "Board") of A-Living Smart City Services Co., Ltd. (the "Company", together with its subsidiaries, the "Group") believes that good governance is essential for sustainable development and growth of the Company, enhancement of credibility as well as value of shareholders of the Company (the "Shareholders"). As such, the Board has adopted and reviewed corporate governance practices in light of the regulatory requirements and the needs of the Company. The Company is committed to maintaining a high level of corporate governance and adheres to the principles of integrity, transparency, accountability and independence.

The Board plays a major role in the supervision of corporate governance to ensure that the Company maintains a sound governance framework and the long-term sustainable Shareholders' value.

Compliance with CG Code

The Company fully complied with the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 December 2023.

The Board and Management

The Board takes Shareholders' interests as its priority in promoting and maintaining successful development of business so as to achieve consistent long-term financial returns, while taking due account of the interests of those with whom the Group does business and others. The Board is accountable for formulating the business and management directions of the Group and that they are managed in such a way as to achieve the objectives of the Company. The Board's responsibilities are to formulate corporate strategy and long-term business model of the Group and to monitor and control operating and financial performance in pursuit of strategic objectives of the Group.

The Board delegates day-to-day operations of the Group to the management of the Company. The Board and the management have clearly defined their authorities and responsibilities under various internal control and check and balance mechanisms. The Board does not delegate matters to the Board committee(s), executive Directors or management to an extent that would significantly hinder or reduce the ability of the Board as a whole to perform its functions.

Board Composition

The Company currently comprises eight Directors, consisting of four executive Directors, one non-executive Director and three independent non-executive Directors. The details of the Board composition are as follows:

Executive Directors

Mr. Chan Cheuk Hung *(Co-chairman)*
Mr. Huang Fengchao *(Co-chairman)*
Mr. Li Dalong *(President (General Manager) and Chief Executive Officer)*
Mr. Chen Siyang *(Vice President)*

Non-executive Director

Mr. Xu Yongping

Independent Non-executive Directors

Mr. Wang Gonghu
Mr. Weng Guoqiang
Mr. Li Jiahe

The biographical information of the Directors and the relationship amongst them, if any, are set out in the section headed "Biographies of Directors" on pages 36 to 40 of this annual report.

Co-chairman and Chief Executive Officer

The co-chairman of the Board of the Company (the "Co-chairman") provides leadership for the Board and ensures the effectiveness of the Board in fulfilling its roles and responsibilities and the establishment of sound corporate governance practices and procedures for the Company. The Co-chairman is also responsible for formulating the overall development strategies and policies of the Group and monitoring their implementation. Meanwhile, the chief executive officer of the Company (the "Chief Executive Officer") shall be delegated the authority by the Board to lead the senior management of the Company (the "Senior Management") for the daily operation and business management of the Group in accordance with the objectives, directions, and risk management and internal control policies laid down by the Board.

The applicable code provision C.2.1 of the CG Code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of the co-chairman of the Board have been assumed by Mr. Chan Cheuk Hung and Mr. Huang Fengchao while the president (general manager) and chief executive officer of the Company has been assumed by Mr. Li Dalong.

Independent Non-executive Directors

Independent non-executive Directors play a significant role in the Board by virtue of their independent judgement and their views carry significant weight in the Board's decisions. They are experienced professionals in areas such as financial accounting and financial management. Their extensive experiences significantly contribute to enhancing the decision-making of the Board and achieving a sustainable and balanced development of the Group. In particular, they bring impartial views and opinions on issues of the Company's strategy, performance and control, and take the lead in solution where potential conflicts of interests arise. The Board believes that its culture of openness and debate facilitates the effective contribution of Directors, non-executive Directors and independent non-executive Directors in particular, to the Board and ensures constructive relationship among executive Directors, non-executive Directors and independent non-executive Directors.

On 15 December 2022, Ms. Wong Chui Ping Cassie resigned from her position as an independent non-executive Director. Following the resignation of Ms. Wong, the Board only has two independent non-executive Directors, with the number of independent non-executive Directors falling below the minimum number of three as required under Rule 3.10(1) of the Listing Rules.

The appointment of Mr. Li Jiahe as an independent non-executive Director was approved by the Shareholders at the extraordinary general meeting of the Company on 3 March 2023. As such, the Board has re-complied the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing at least one-third of the Board, with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence as set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Mr. Li Jiahe has been appointed as an Independent non-executive Director with effect from 3 March 2023. He obtained the legal advice referred to as set out in Rule 3.09D of the Listing Rules on 7 March 2023 and confirmed that he understood his obligations as a Director. Mr. Chen Siyang, Mr. Xu Yongping and Mr. Wang Gonghu have been appointed as the executive Director, non-executive Director and Independent non-executive Director respectively with effect from 21 July 2023. They have obtained the legal advice referred to as set out in Rule 3.09D of the Listing Rules on 31 July 2023 and confirmed that they understood their obligations as a Director.

Appointment and Re-election of Directors

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

Each of the Directors is engaged on a service agreement (for executive Directors and non-executive Directors) or an appointment letter (for independent non-executive Directors) for a term of three years and their re-election are subject to the provisions of the Company's articles of association (the "Articles of Association"), no Directors are required to be re-elected at the forthcoming annual general meeting of the Company.

Board and Board Committee Meetings

The Board meets at least four times each year. Directors may participate in meetings either in person or through electronic means of communication. The schedule of regular meetings for the next year will be presented to all Directors in the last Board meeting of the year so that they can have a better arrangement for the meetings. All Directors are given not less than fourteen days' notice for regular Board meetings. For other Board and Board committee meetings, reasonable notice will be given.

The joint company secretaries of the Company (the "Joint Company Secretaries") assist the Co-chairman in preparing the agenda of regular Board meetings and circulate the draft Board meeting agenda to all Directors for their perusal and comment. Directors are invited to include any matters in the agenda which they think appropriate. The Board meeting agenda will be issued by the Joint Company Secretaries after incorporating all the comments of Directors (if any). Relevant meeting materials are provided to the Directors at least three days before the meetings to ensure that they are given sufficient review time and are adequately prepared for the meetings.

Each Director shall have access to the Senior Management and the Joint Company Secretaries and they may also seek independent professional advice at the expense of the Company. Any matter involving interest of substantial Shareholder(s) or Director(s) shall be subject to the consideration and approval by the Board at a physical Board meeting. Directors who have interest may attend the meeting, but shall not be counted towards quorum and shall abstain from voting on the relevant matter. All Directors may require the Joint Company Secretaries to provide advice and services on relevant aspects, including the follow-up of, or the provision of support to, any matters, ensuring that the Board procedures and all applicable rules and regulations are observed.

The management will submit relevant reports to the Directors for review as part of meeting materials for every regular Board meeting. After the briefing given to the Directors, the management will answer any enquiry made by the Directors. The Board may make informed assessment on the financial and other information submitted to them for their approval. Sufficient time will be allowed for the Directors to discuss.

The minutes of the Board meetings and Board committees meetings are drafted and kept by the Joint Company Secretaries. All meeting minutes will set out in detail the matters discussed and considered at the meetings, including, among others, any queries made or views expressed by the Directors. The Joint Company Secretaries will distribute the draft meeting minutes to all Directors for their comment and final version of the meeting minutes to all Directors for their record within reasonable time after holding of the meetings.

During the Year, the Board held a total of four meetings. Each Director's attendance record for the Board meetings, Board committee meetings and general meetings is set out as follow:

	Board Meetings			
	Number of meetings eligible to attend	**Attendance in person**	**Attendance by proxy**	**Absence**
Mr. Chan Cheuk Hung *(Co-chairman)*	4	2	2	0
Mr. Huang Fengchao *(Co-chairman)*	4	4	0	0
Mr. Li Dalong *(President (General Manager) and Chief Executive Officer)*	4	4	0	0
Mr. Chen Siyang *(Vice President) (appointed on 21 July 2023)*	2	2	0	0
Mr. Xu Yongping *(appointed on 21 July 2023)*	2	2	0	0
Mr. Wei Xianzhong *(retired with effect from 21 July 2023)*	2	2	0	0
Ms. Yue Yuan *(retired with effect from 21 July 2023)*	2	2	0	0
Mr. Wang Gonghu *(appointed on 21 July 2023)*	2	2	0	0
Mr. Wan Kam To *(retired with effect from 21 July 2023)*	2	2	0	0
Mr. Weng Guoqiang	4	4	0	0
Mr. Li Jiahe *(appointed on 3 March 2023)*	4	4	0	0

	Audit Committee Meetings			
	Number of meetings eligible to attend	**Attendance in person**	**Attendance by proxy**	**Absence**
Mr. Wang Gonghu *(Committee Chairman) (appointed on 21 July 2023)*	1	1	0	0
Mr. Wan Kam To *(Committee Chairman) (retired with effect from 21 July 2023)*	1	1	0	0
Mr. Weng Guoqiang	2	2	0	0
Mr. Li Jiahe *(appointed on 3 March 2023)*	2	2	0	0

	Remuneration and Appraisal Committee Meetings			
	Number of meetings eligible to attend	Attendance in person	Attendance by proxy	Absence
Mr. Weng Guoqiang *(Committee Chairman)*	1	1	0	0
Mr. Huang Fengchao	1	1	0	0
Mr. Li Dalong	1	1	0	0
Mr. Wang Gonghu *(appointed on 21 July 2023)*	0	0	0	0
Mr. Wan Kam To *(retired with effect from 21 July 2023)*	1	1	0	0
Mr. Li Jiahe *(appointed on 3 March 2023)*	1	1	0	0

	Nomination Committee Meeting			
	Number of meetings eligible to attend	Attendance in person	Attendance by proxy	Absence
Mr. Huang Fengchao *(Committee Chairman)*	1	1	0	0
Mr. Li Dalong	1	1	0	0
Mr. Wang Gonghu *(appointed on 21 July 2023)*	0	0	0	0
Mr. Wan Kam To *(retired with effect from 21 July 2023)*	1	1	0	0
Mr. Weng Guoqiang	1	1	0	0
Mr. Li Jiahe *(appointed on 3 March 2023)*	1	1	0	0

	Risk Management Committee Meetings			
	Number of meetings eligible to attend	Attendance in person	Attendance by proxy	Absence
Mr. Huang Fengchao *(Committee Chairman)*	2	1	1	0
Mr. Chan Cheuk Hung	2	0	2	0
Mr. Li Dalong	2	2	0	0
Mr. Wang Gonghu *(appointed on 21 July 2023)*	1	1	0	0
Mr. Wan Kam To *(retired with effect from 21 July 2023)*	1	1	0	0
Mr. Li Jiahe *(appointed on 3 March 2023)*	2	2	0	0

	General Meetings			
	Number of meetings eligible to attend	Attendance in person	Attendance by proxy	Absence
Mr. Chan Cheuk Hung *(Co-chairman)*	4	1	3	0
Mr. Huang Fengchao *(Co-chairman)*	4	4	0	0
Mr. Li Dalong *(President (General Manager) and Chief Executive Officer)*	4	4	0	0
Mr. Chen Siyang *(Vice President) (appointed on 21 July 2023)*	1	1	0	0
Mr. Xu Yongping *(appointed on 21 July 2023)*	1	1	0	0
Mr. Wei Xianzhong *(retired with effect from 21 July 2023)*	3	3	0	0
Ms. Yue Yuan *(retired with effect from 21 July 2023)*	3	0	3	0
Mr. Wang Gonghu *(appointed on 21 July 2023)*	1	1	0	0
Mr. Wan Kam To *(retired with effect from 21 July 2023)*	3	3	0	0
Mr. Weng Guoqiang	4	2	2	0
Mr. Li Jiahe *(appointed on 3 March 2023)*	3	3	0	0

All the executive Directors, non-executive Directors and independent non-executive Directors have allocated a reasonable amount of time to follow and deal with various affairs of the Company during the Year. In addition to attending the meetings of the Board and its committees, each Director has allocated sufficient time on reviewing materials provided by the Company from time to time. Furthermore, each member of the Audit Committee also spent sufficient time on reviewing internal audit reports provided by the internal audit centre. The Co-chairman met once with the independent non-executive Directors without the presence of other Directors.

Training and Support for Directors

The Company has established procedures for training and development of Directors. Newly appointed Directors will be provided with comprehensive, formal and tailored induction on the first occasion of his/her appointment and, subsequently, necessary briefing and professional development so as to ensure the Directors have adequate understanding and strengthen their awareness of the business and operation of the Group, their responsibilities and obligations under the statutory and common laws, the Listing Rules, laws and other regulatory requirements and governance policies, enabling the Directors to discharge their duties properly. The Joint Company Secretaries maintain proper records of training attended by the Directors.

During the Year, the summary of training received by the Directors is as follows:

Directors	Training Matters *(Note)*
Executive Directors	
Mr. Chan Cheuk Hung *(Co-chairman)*	A, B
Mr. Huang Fengchao *(Co-chairman)*	A, B
Mr. Li Dalong *(President (General Manager) and Chief Executive Officer)*	A, B
Mr. Chen Siyang *(Vice President) (appointed on 21 July 2023)*	A, B
Non-executive Directors	
Mr. Xu Yongping *(appointed on 21 July 2023)*	A, B
Mr. Wei Xianzhong *(retired with effect from 21 July 2023)*	A, B
Ms. Yue Yuan *(retired with effect from 21 July 2023)*	A, B
Independent Non-executive Directors	
Mr. Wang Gonghu *(appointed on 21 July 2023)*	A, B
Mr. Wan Kam To *(retired with effect from 21 July 2023)*	A, B
Mr. Weng Guoqiang	A, B
Mr. Li Jiahe *(appointed on 3 March 2023)*	A, B

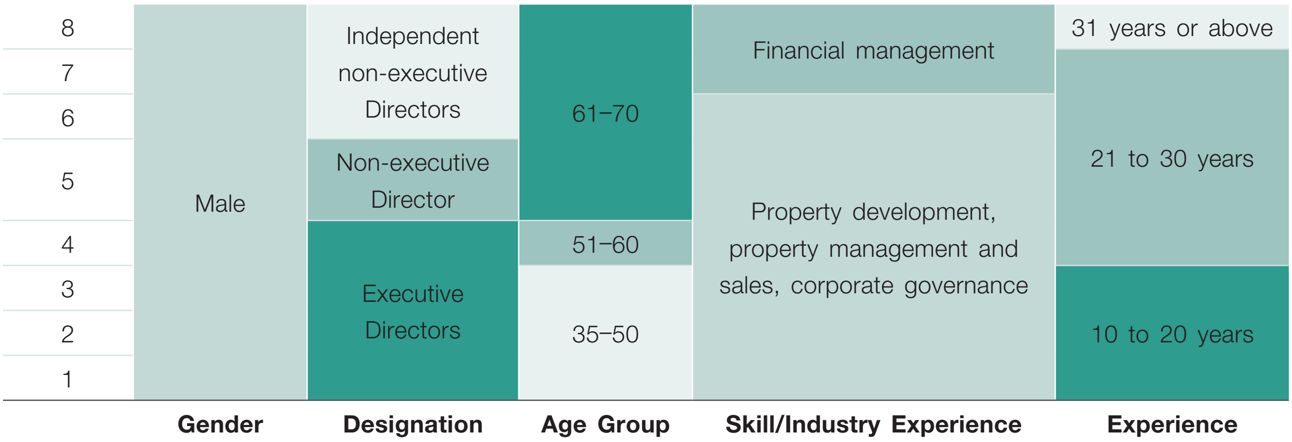
Note: A. corporate governance
B. regulatory requirements

Board Diversity

In order to achieve a diversity of perspectives among members of the Board, the Company has formulated a policy to consider a number of factors when deciding on appointments to the Board and the continuation of those appointments. Such factors include but are not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

An analysis of the current Board composition is set out in the following chart:

Number of Directors



As at the date of this report, the Board comprises eight Directors, all of which are male. Pursuant to Rule 13.92 of the Listing Rules, while diversity of board members can be achieved through consideration of a number of factors, a single gender board is not considered as board diversity. The Company targets to avoid a single gender Board. Subject to the consideration and approval by the Shareholders at the forthcoming annual general meeting of the Company, the Company proposed to appoint Ms. Yue Yuan as a non-executive Director. The Board will continue to seek opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

Gender Diversity of Employees

On 31 December 2023, the Group had 44,028 female employees, accounting for 45.85% of the total; and 51,990 male employees, accounting for 54.15% of the total. Among the Senior Management (excluding the Directors), 2 were male and 1 was female.

To narrow and eliminate gender pay gaps, the Group provides equal opportunities and treatment for employees of different genders, and promotes a corporate culture of diversity and inclusion.

Board Independence

During the Year, the Board also reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board. Taking into account the following channels, the Nomination Committee considered that the Company had in place mechanisms which remain effective to ensure a strong independent element on the Board:

(a) Three out of the eight Directors are independent non-executive Directors, which meets the requirement of the Listing Rules that at least one-third of the Board are independent non-executive directors and all of them continue to devote adequate time to the Company.

(b) The Nomination Committee will assess the independence of a candidate who is nominated to be a new independent non-executive Director before appointment. All independent non-executive Directors are required to submit a written confirmation to the Company annually to confirm the independence of each of them and their immediate family members, and their compliance with the requirements as set out in the Rule 3.13 of the Listing Rules.

(c) Independent professional advice would be provided to independent non-executive Directors upon reasonable request to assist them to perform their duties to the Company.

(d) All Directors are encouraged to express their views in an open and candid manner during the Board/Board Committee meetings.

(e) Annual meeting between the Chairman and all independent non-executive Directors without presence of other Directors providing effective platform for the Chairman to listen independent views on various issues concerning the Group.

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

(g) No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors.

Dividend Policy

On 28 March 2023, the Board approved and adopted a revised dividend policy of the Company, pursuant to which the payment and amounts of dividends (including final dividend and special dividend, if any) depend on the results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividends paid by the Company, future prospects and other factors which the Board considers relevant.

Nomination Policy

According to the Nomination Policy of the Company, the Nomination Committee will consider the following major factors when nominating suitable candidates to the Board for it to consider and make recommendations to Shareholders for election as directors at general meetings.

– gender, age, race, language, cultural and educational background, industry experience and professional qualification;

– effect on the Board's composition and diversity;

– commitment of the candidate to devote sufficient time to effectively carrying out his/her duties. In this regard, the number and nature of offices held by the candidate in public companies or organizations, and other executive appointments or significant commitments will be considered;

– potential/actual conflicts of interest that may arise if the candidate is selected;

– independence of the candidate; and

– in the case of a proposed re-appointment of an independent non-executive Director, the number of years he/she has already served.

Nomination Procedures

During the Year, after receiving a list of candidates, recommended by members of the Board, for the replacement and appointment of new Directors, the Nomination Committee requested the candidate to provide his biographical information and other information deemed necessary. The Nomination Committee reviewed and took reasonable steps to verify the information obtained from the candidate and seek clarification, where required. The Nomination Committee may, at its discretion, invite any candidate to meet with the Nomination Committee members to assist them in their consideration of the proposed nomination or recommendation. The Nomination Committee then submitted its nomination proposal to the Board for consideration and making recommendation to the Shareholders for approval.

Directors, Supervisors and Senior Management Liability Insurance

The Company has arranged appropriate insurance covering the potential legal actions against its Directors, Supervisors and Senior Management in connection with the discharge of their responsibilities.

Board Committees

The Company has established four Board Committees, namely, the Remuneration and Appraisal Committee, the Nomination Committee, the Audit Committee and the Risk Management Committee. All Board Committees of the Company are established with specific written terms which deal clearly with their authority and duties. The terms of reference of each of the Board Committees are posted on the Company's website (www.agileliving.com.cn) and The Stock Exchange of Hong Kong Limited's (the "Hong Kong Stock Exchange") website (www.hkex.com.hk) and are available to the Shareholders upon request.

The list of the chairman and members of each Board committee is set out under the section headed "Corporate Information" on page 2 of this annual report.

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee consists of five members, namely Mr. Huang Fengchao (executive Director), Mr. Li Dalong (executive Director), Mr. Wang Gonghu (independent non-executive Director), Mr. Weng Guoqiang (independent non-executive Director) and Mr. Li Jiahe (independent non-executive Director). Mr. Weng Guoqiang is the chairman of the Remuneration and Appraisal Committee.

The terms of reference of the Remuneration and Appraisal Committee are of no less exacting terms than those set out in the CG Code. The major duties of the Remuneration and Appraisal Committee are to make recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and Senior Management and on the establishment of a formal and transparent procedure for developing remuneration policy, as well as to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

Remuneration packages include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of office or appointment. In determining remuneration of Directors and Senior Management, the Board will consider the remuneration level of comparable companies, the time commitment and responsibilities of the Directors and Senior Management and employment conditions elsewhere in the Group, individual performance of respective Directors and the Company's performance. No Director shall be involved in deciding his/her own remuneration.

During the Year, the Remuneration and Appraisal Committee held a meeting, the agenda of which was mainly (i) to confirm the remuneration of executive Directors, non-executive Directors and independent non-executive Directors for 2022; (ii) to discuss and determine the recommendation on the remuneration adjustments of executive Directors, non-executive Directors and independent non-executive Directors for 2023; and (iii) to discuss and determine the proposal on the remuneration of the Senior Management for 2023.

Details of the 5 individuals with the highest emoluments are set out in note 8(d) to the consolidated financial statements. During the year ended 31 December 2023, none of the directors and chief executive, or any of the non-director and non-chief executive highest paid employees waived or agreed to waive any remuneration.

The remuneration of the members of senior management by band for the Year is set out below:

Emolument bands (in HK$)	Number of members of senior management
HK$500,001 – HK$1,000,000	1
HK$1,500,001 – HK$2,000,000	1
HK$2,000,001 – HK$2,500,000	2

Nomination Committee

The Nomination Committee consists of five members, namely Mr. Huang Fengchao (executive Director), Mr. Li Dalong (executive Director), Mr. Wang Gonghu (independent non-executive Director), Mr. Weng Guoqiang (independent non-executive Director) and Mr. Li Jiahe (independent non-executive Director). Mr. Huang Fengchao is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The major duties of the Nomination Committee are to review the Board composition, to identify individuals suitably qualified to become Board members, to make recommendations to the Board on the appointment, re-appointment and succession planning of Directors, to assess the independence of independent non-executive Directors and to review the Board diversity policy and the nomination policy of the Company.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board diversity policy, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience, etc. The Nomination Committee, if necessary, may seek independent professional opinions when discharging their duties at the fees and expense of the Company.

During the Year, the Nomination Committee held a meeting, the agenda of which was mainly (i) to assess the independence of the independent non-executive Directors; and (ii) to consider and review the structure, number of members and composition of the Board.

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Wang Gonghu, Mr. Weng Guoqiang and Mr. Li Jiahe. Mr. Wang Gonghu is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The major duties of the Audit Committee are to review accounting policy, to monitor the performance of the Company's external auditor and the internal audit centre, to review financial information, to oversee the financial reporting system, risk management and internal control systems, to consider and review the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and to report the results to the Board. The Audit Committee, if necessary, may seek independent professional opinions when discharging their duties at the fees and expenses of Company.

During the Year, the Audit Committee held two meetings, the agenda of which mainly includes the following:

- reviewing annual results of 2022 and annual report of 2022, interim results of 2023 and interim report of 2023;
- reviewing audit and review reports of the auditors, recommendation reports of internal control and management;
- discussing and reviewing internal control management reports, audit monitoring plans and audit timetables of the internal audit centre;
- reviewing the continuing connected transactions;
- considering the re-appointment of external auditor of the Company, and discussing the change of external auditor;
- reviewing the resources of accounting and financial reporting functions of the Group;
- reviewing the effectiveness of the Company's internal audit function; and
- reviewing staff malpractices monitoring reports.

The Audit Committee meets with the external auditor, at least once annually, in the absence of management, to discuss matters relating to its audit fees, any issue arising from the audit and any other matters the auditor may wish to raise. The Audit Committee and the Board have no disagreement in relation to the recommendation of the re-appointment of Grant Thornton Hong Kong Limited as the external auditor.

External Auditors

At the 2022 annual general meeting of the Company, the Shareholders approved the re-appointment of Grant Thornton Hong Kong Limited as the auditor of the Group. For the year ended 31 December 2023, remuneration paid and payable to Grant Thornton Hong Kong Limited in relation to audit and non-audit services is detailed as below:

	2023	2022
	RMB	*RMB*
Fee for audit services	**5,550,000**	3,780,000
Fee for non-audit services:		
– Other permitted services	**30,000**	1,200,000
	5,580,000	4,980,000

Risk Management Committee

The Risk Management Committee consists of five members, namely Mr. Chan Cheuk Hung (executive Director), Mr. Huang Fengchao (executive Director), Mr. Li Dalong (executive Director), Mr. Wang Gonghu (independent non-executive Director) and Mr. Li Jiahe (independent non-executive Director). Mr. Huang Fengchao is the chairman of the Risk Management Committee.

The major duties of the Risk Management Committee are to consider and formulate risk management framework, to review and assess the effectiveness of the Group's risk management framework, to monitor the implementation of risk control and ensure it is effectively implemented.

During the Year, the Risk Management Committee held two meetings, the agenda of which is set out below:

- discussing and reviewing internal control management reports, monitoring plans and timetables of the internal audit centre; and

- reviewing the changes of nature and extent of major risks and the response measures.

Corporate Governance Functions

The Audit Committee is delegated by the Board to perform the functions set out in the code provision A.2.1 of the CG Code contained in Appendix C1 of the Listing Rules. The terms of reference of the Audit Committee include (1) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (2) to review and monitor the training and continuous professional development of directors and senior management of the Company; (3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Company; and (5) to review the Company's compliance with the code and disclosure in the Corporate Governance Report of the Company.

Risk Management and Internal Control

The Group considers that effective risk management is of high importance for the Group to achieve sustainable development and long-term business success.

Responsibilities of the Board and the Management

The Board recognises its responsibilities to evaluate and determine the nature and level of risks to be exposed of for achieving the Group's strategic objectives, and to ensure that the Group establishes and maintains applicable and effective risk management and internal control systems, and to oversee the management in design, implementation and monitoring of the risk management and internal control systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management is responsible for designing, implementing and monitoring the risk management system and the internal control system, and provides the recognition of the effectiveness of risk management and internal control to the Board.

Risk Management

The design, implementation and maintenance of the risk management system

1) **Establishing the Risk Management Committee:** The Board has established the Risk Management Committee to oversee the design, implementation and maintenance of the risk management system of the Group and has issued the "Terms of Reference of the Risk Management Committee":

   - Authorizing the Risk Management Committee and define its duties: the Risk Management Committee's duties regarding risk management and its authorisation have been recognised in the "Terms of Reference of the Risk Management Committee";

   - Determining the organisation of the Risk Management Committee: providing the composition and quorum, requirements of the attendance at meetings, frequency of meetings and the manner of meetings; and

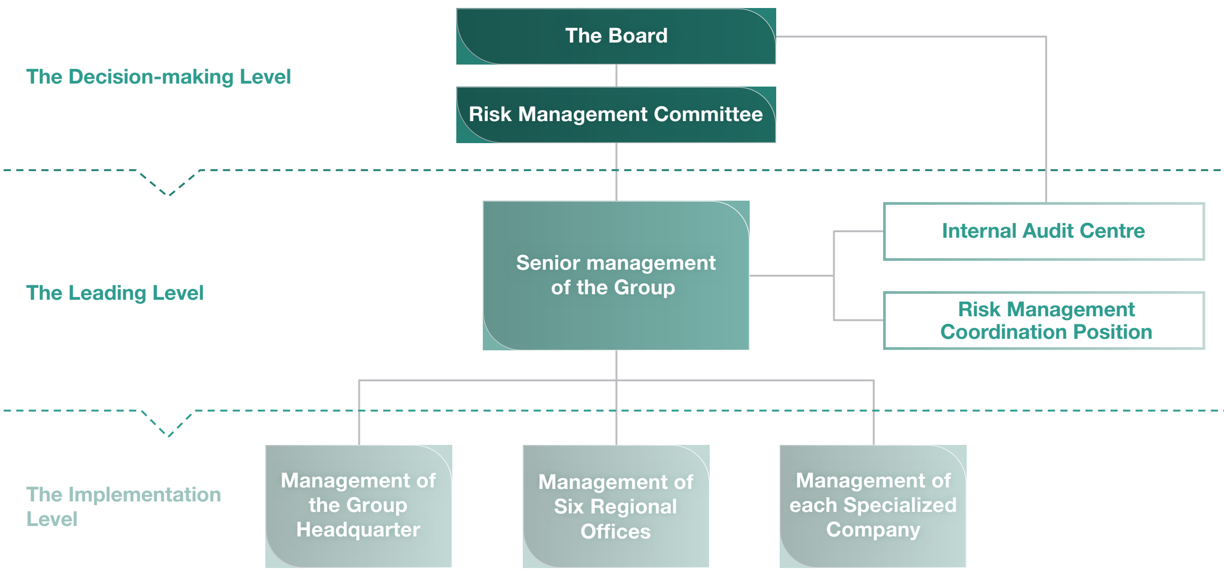
   - Determining the procedure of reporting to the Board: stipulating the time of reporting to the Board by the Risk Management Committee, including the minutes mechanism.

2) **Establishing the structure of the risk management organisation:** It has built up the official risk management organisation structure from the level of the Group to its subsidiaries (see figure 1 below: risk management organisation chart of the Company), and confirmed the direct management obligation of risk management and the risk information reporting procedure and frequency, and clarified the responsibilities of risk management positions, including integrating the requirement of risk management into the functional description of each position. The main features of the risk management organisation structure comprised:

- Clear levels and responsibilities: the levels of risk management organisation included the Risk Management Committee at the decision-making level, with the composition of leading level and implementation level and carrying out the division of the duties of risk management. It has confirmed the direct management obligation and the risk information reporting procedure and frequency;

- The wide span of level: the structure of risk management organisation is from the senior management of the Group to its managements of six regional offices and specialized company; and

- Specific communication mechanism: it has confirmed that the management of each level communicate with each other with regard to the responsibilities, reporting procedure and reporting frequency of the risk management.



(Figure 1: risk management organisation chart of the Company)

The roles and major responsibilities of different levels under the risk management structure are shown below:

The roles in the risk management structure	**Major responsibilities**
The Board (decision-making level)	– To evaluate and determine the nature and extent of the risks that the Group willing to take in achieving the strategic objectives – To ensure that the effective risk management and internal control systems are established and maintained – To oversee management in the design, implementation and monitoring of the risk management and internal control systems
The Risk Management Committee (decision-making level)	– To review and formulate the framework of risk management – To review and assess the effectiveness of the framework of the risk management of the Group on a regular basis – To coordinate and assist the Group's senior management in promoting risk management works – To oversee each business segment for setting up and implementing risk response programme and measures – To report any material risk management matters and recommend solutions to the Board – To monitor the frequency of major control failures or weak points, resulting in the extent of unforeseen consequences or emergencies which have caused, may have caused or will cause material impact on the financial performance or condition of the Company
The senior management of the Group (leading organisation)	– To carry out risk assessment from the Group's holistic perspective and each business segment, in order to formulate risk management measures – To design, implement and monitor the risk management and internal control systems – To confirm the effectiveness of risk management and internal control systems to the Board
The Group headquarter and the management of its subsidiaries (implementation organisation)	– To formulate and implement the relevant risk response programme of their business segment – To promote and implement specific risk management measures – To monitor and control different risks of their business and adjust risk management measures in time

The roles in the risk management structure	Major responsibilities
The Internal Audit Centre	– To coordinate the commencement of risk recognition and assessment – To prepare periodic risk assessment report and propose the summary of the report to the risk management leading team – To organise and coordinate risk management training and guidance – To act as the risk management monitoring organisation and be responsible for overseeing and evaluating risk management works implemented by the Group and its subsidiaries
The risk management coordination position	– The Office of the Secretary of the Board acts as the role of risk management coordination, including organising Risk Management Committee meetings and preparing minutes for record

3) **Establishing a systematic risk management system structure,** which comprised the following main elements and features:

- Comprehensive framework of risk management: the model of risk management framework has been established as the risk management system foundation (see figure 2 below for details: the model of risk management) including the main elements such as risk management strategies, risk management process and risk management basic structure;

- Clear risk management procedure: the risk management procedure includes recognition, analysis, response, monitor and control, and summarizing and reporting, which form a closed loop to control and manage the risks continuously; and

- Appropriate standard of risk assessment for the Group: according to the industry nature and operation features, strategic objectives of the Group as well as the risk preference of management, set up the applicable dimension and standard of risk assessment to each business segment. By using mutually agreed assessment method and standard, carry out assessment to the risks which are most likely to affect the achievement of corporate objectives in order to obtain the risk assessment result which is actually fitted with corporation.

Risk Management Strategies:
Building up Senior Management's foundation of risk management, determining the acceptability of the nature and extent of risks and establishing risk management frame

Risk Management Process:
Establishing the steps and instruments and monitoring and reporting procedure of risk management

Foundation of Risk Management:
Organisation, staff and technologies required in order to support, facilitate and promote the commencement of risk management of the Group

(Figure 2: The model of risk management)

Through the above efforts, the Group has clarified direct management obligation of risk management and risk information reporting procedure and frequency, and established an official risk management framework which recognises, analyses, evaluates and determines procedure of corporate risks to integrate with and control risks systematically.

The commencement of risk assessment for the Group in 2023

Based on risk management system of the Group as mentioned above, the Senior Management, with the assistance from external advisory bodies, sustained its intensive risk management works in 2023.

Management has adopted a systematic evaluation to review the changes of nature and extent of major risks, recognised material risks exposed, streamlined the current condition of risk control and the next response measures and key risk management program, and reported to the Risk Management Committee with the assessment result.

The Risk Management Committee, on behalf of the Board, reviews and assesses the changes of nature and extent of major risks. It has finished the review of risk management system. The Risk Management Committee reviewed and reported the results to the Board, and suggested that with the rapid growth of the Group's business scale, the increasingly diversified business development and the continuous changes in the market environment, the Group's risk management system should be considered in a broader and comprehensive perspective, the framework of risk management should be continuously optimized, and all related departments of the Group should be linked up to enhance the workflow of risk management in order to support the development of the innovative business of the Group. Management will report major risks control formally to the Risk Management Committee on a half-yearly basis, strengthen the effectiveness of risk management system and broaden the scope of risk management so as to identify other potential risks situation.

The Internal Control

The Board is responsible for formulating proper internal control system for the Group to safeguard the assets of the Group and the interests of the Shareholders. The Audit Committee shall conduct regular review on the effectiveness of the internal control system to ensure that the system is adequate.

The internal audit centre of the Group is accountable and reports directly to the Audit Committee. It is responsible for constantly monitoring the work flow and risk assessment of each department of the Group, to assist the Board and Senior Management in complying with the regulatory requirements and guidelines, so as to improve the efficiency of internal control system. Through continuous internal audit and reporting from time to time, the internal audit centre shall ensure the effective operation of the internal control system.

In order to standardise information management works, the Board has formulated an information management system (the "System"). The System includes procedures and internal controls for the handling and dissemination of inside information. The System provides, including but not limited to, the procedures of the obligation and execution of the management and publication of inside information, confidentiality arrangement, collection and evaluation of information and the manner of publication to ensure timely reporting of inside information to the Board and communication with the Group's stakeholders.

During the Year, the internal audit functions have been carried out under the leadership of the Board and the Audit Committee. The Audit Committee reviewed the effectiveness of internal control system of the Group in respect of finance, operation, compliance and business matters and reported the results to the Board. Should any material fault or any material weakness in monitoring is found, the internal audit centre will report the same to the Audit Committee in timely manner.

The Group shall review the efficiency of the internal control system at least twice every year to ensure the effectiveness and adequacy of the system.

Whistleblowing Policy

The Company has established a whistleblowing policy where employees and third parties can report any suspected improper, corrupt, or non-compliant behavior of the Group's employees, customers, and suppliers to the internal audit centre of the Group through email, an anti-corruption hotline, letters, or other means while maintaining confidentiality. The internal audit centre regularly reports any findings to the Audit Committee.

Anti-Corruption Policy

The Company has established an anti-corruption policy that details the requirements for preventing, controlling, and providing feedback on anti-corruption, anti-bribery, and anti-money laundering activities. The internal audit centre of the Group is responsible for supervising the Group's anti-corruption efforts and conducting anti-corruption training sessions, as well as investigating complaints related to suspected corrupt behavior.

The Review and Summary of the Effectiveness of the Risk Management and Internal Control Systems

The Board has continuously overseen the management in the design, implementation and monitoring of the risk management and internal control systems, and conducted a comprehensive review of the risk management and internal control systems of the Company during the Year and continuously oversaw major risks and regularly review the implementation of management and control measures covering the period of 2023. There were no significant uncontrollable risks during the period. The Board considered that the operation of the systems is effective and adequate. Meanwhile, the Board has accepted the reports of the Risk Management Committee and the Audit Committee on the review results of the Group's risk management and internal control system and agreed that such systems should be continuously reviewed and improved in line with the rapid growth of the Group's business scale, the increasingly diversified business development and the continuous changes in the market environment.

The Review of Accounting, Financial Reporting and Internal Audit Functions

The Audit Committee reviewed and was satisfied with the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Group's accounting, financial reporting and internal audit functions.

Directors' Responsibility in Respect of the Consolidated Financial Statements

The Directors have acknowledged their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2023.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the section headed "Independent Auditor's Report" on pages 98 to 105 of this annual report.

Joint Company Secretaries

Mr. Huang Jiayi, the chief financial officer of the Company, acts as a joint company secretary of the Company. Mr. Li Kin Wai of Tricor Services Limited, which is an external service provider, has been engaged by the Company as its joint company secretary and the primary contact person at the Company is Mr. Huang Jiayi. They have confirmed that they have received relevant professional trainings of no less than 15 hours during the Year.

All Directors have access to the advice and services of the joint company secretaries of the Company on corporate governance and board practices and matters.

Shareholders' Rights

The Company engages with Shareholders through various communication channels and a shareholders' communication policy is in place to ensure that Shareholders' views and concerns are appropriately addressed. During the Year, the Company has reviewed the existing shareholders' communication policy to ensure its continued effectiveness.

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Hong Kong Stock Exchange after each general meeting.

Convening an extraordinary general meeting

Extraordinary general meetings may be convened by the Board on requisition of Shareholder(s) individually or jointly holding 10% or more of the Company's issued shares carrying voting rights in writing.

Putting forward proposals at general meetings

When a general meeting is convened by the Company, the Board, Supervisory Committee and Shareholders who individually or jointly hold more than 3% or more of the Shares may propose resolutions to the Company.

Shareholders who individually or jointly hold more than 3% of the Shares may submit ad hoc proposals in writing to the convener of the general meeting 10 days before the holding of the general meeting. The convener will issue a supplemental notice of the general meeting within two days upon receipt of the proposals.

Putting forward enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company to the following:

Address: Tricor Investor Services Limited
17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

Communication with Shareholders and Investor Relations

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an ongoing dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

Compliance with the Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted a code for securities transactions by Directors of the Company and a code for securities transactions by Supervisors as its own codes of conduct governing Directors' and Supervisors' dealings in the Company's securities (the "Securities Dealing Codes") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the Directors and Supervisors and they have confirmed that they had complied with the Securities Dealing Codes during the year ended 31 December 2023.

The Company has also established written guidelines (the "Employees Written Guidelines") no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the year ended 31 December 2023.

Constitutional Documents

The Articles of Association were approved for amendment by the Shareholders at the annual general meeting of the Company held on 30 May 2023. The change was mainly to reflect the expansion of business scope and the changes to Appendix 3 of the then Listing Rules.

The Articles of Association is available on the Company's website and the Hong Kong Stock Exchange's website.

Certain amendments to the Articles of Association will be proposed for the Shareholders' consideration at the 2023 AGM. Details will be set out in the Company's circular dated 26 April 2024.

Report of the Board of Directors

The board (the "Board") of directors (the "Directors") of A-Living Smart City Services Co., Ltd. (the "Company", together with its subsidiaries, the "Group") is pleased to present the annual report of the Company together with the audited consolidated financial statements for the year ended 31 December 2023 (the "Year").

Principal Place of Business

The Company is established and has its registered office in the People's Republic of China (the "PRC" or "China"). The Company's principal place of business in Hong Kong is situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Principal Activities

The Group is principally engaged in property management, property sales, property inspection, advertising and tourism services.

Results and Overall Performance

The Group's results for the year ended 31 December 2023 are set out on pages 6 to 7 of this annual report.

Business Review

The business review of the Group during the Year and a discussion of the Group's future business development and the major risks and uncertainties of the Group are set out in the section headed "Chairman's Statement" on pages 11 to 16 of this annual report and the section headed "Management Discussion and Analysis" on pages 17 to 27 of this annual report, respectively. An analysis of the Group's performance during 2023 based on the financial key performance indicators is set out on pages 207 to 208 of this annual report under the section headed "Five-Year Financial Summary".

The Group believes that sustainable development is crucial to the development of a corporate and actively implements the concept of sustainable development at every level of the operation so as to create a better future for the community and the corporate. The Company will issue separately an Environmental, Social and Governance Report under the Environmental, Social and Governance Reporting Guide as specified in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Consolidated Financial Statements

The profit of the Group for the year ended 31 December 2023 and the state of the Group's affairs as at 31 December 2023 are set out in the consolidated financial statements on pages 106 to 206 of this annual report.

Environmental Protection and Compliance with Laws and Regulations

The Group is principally engaged in property management, property sales, property inspection, advertising and tourism services in China. As a property management service provider in China, the Group is required to comply with various national and local laws and regulations on environmental protection, including laws and regulations of air pollution, sound pollution, waste and sewage. The Group has complied with the laws and regulations which are significant to the operation of the Group. Further, any changes in applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

Relationship with Stakeholders

The Group is of the view that its employees, customers and business partners are important to its sustainable development. The Group is committed to maintaining close relationship with its employees, providing high quality services to customers and strengthening the cooperation with its business partners. The Company provides a fair and safe workplace, promotes diversity to the staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Group understands that it is important to maintain good relationship with customers and provide the products in a way that satisfy the needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the services so that the Group can respond proactively. The Group has also established procedures in place for handling customers' complaints to ensure customers' complaints are dealt with in a prompt and timely manner.

The Group is also dedicated to developing good relationship with suppliers and contractors as long-term business partners to ensure stability of the Group's business. The Group reinforces business partnerships with suppliers and contractors by ongoing communication in a proactive and effective manner so as to ensure quality and timely delivery.

Final Dividend

The Board proposed the distribution of a final dividend of RMB0.06 per share (before tax) for the year ended 31 December 2023 (the "Final Dividend"), the dividend payout ratio will be equivalent to 18.5%, and the amount of which will be subject to the approval of the Shareholders at the forthcoming annual general meeting to be held on 29 May 2024 (the "2023 AGM"). Final Dividend payable to the shareholders of domestic shares of the Company will be paid in Renminbi, whereas Final Dividend payable to the shareholders of H Shares will be declared in Renminbi and paid in Hong Kong dollars (except for the holders of H Shares who became Shareholders through the Inter-connected Mechanism for Trading on the Shanghai and Hong Kong Stock Markets and the Inter-connected Mechanism for Trading on the Shenzhen and Hong Kong Stock Markets, whose Final Dividend will be paid in Renminbi), the exchange rate of which will be calculated based on the average exchange rate of RMB against Hong Kong dollars published by The People's Bank of China five business days prior to the 2023 AGM. Subject to the approval of the Shareholders at the 2023 AGM, the Final Dividend will be paid on or about Friday, 12 July 2024. None of the Shareholders has waived or agreed to waive any dividend.

According to the Enterprise Income Tax Law of the People's Republic of China(《中華人民共和國企業所得稅法》)which came into effect on 1 January 2008, and was amended on 24 February 2017 and 29 December 2018, the Provision for Implementation of Enterprise Income Tax Law of the People's Republic of China(《中華人民共和國企業所得稅法實施條例》)which took effect on 1 January 2008 and was amended on 23 April 2019, and the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprise to H Shareholders which are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897)(《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), which was promulgated by the State Administration of Taxation and came into effect on 6 November 2008, etc., where a PRC domestic enterprise distributes dividends for 2008 and subsequent years to H shareholders which are overseas non-resident enterprises, it is required to withhold 10% enterprise income tax for such nonresident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the Final Dividend as enterprise income tax, distribute the Final Dividend to non-resident enterprise shareholders whose names appear on the H Shares register of members of the Company, i.e. any shareholders who hold H Shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or shareholders of H Shares registered in the name of other organizations and groups. After receiving dividends, the non-resident enterprise shareholders may apply to the relevant tax authorities for enjoying treatment of taxation treaties (arrangement) in person or by proxy or by the Company, and provide information to prove that it is an actual beneficiary under the requirements of such taxation treaties (arrangement). After the tax authorities have verified that there is no error, it shall refund tax difference between the amount of tax levied and the amount of tax payable calculated at the tax rate under the requirements of the relevant taxation treaties (arrangement).

In accordance with requirement of the Circular on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 020)(《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號))which was promulgated by the Ministry of Finance and the State Administration of Taxation and came into effect on 13 May 1994, overseas individuals are exempted from the individual income tax for dividends or bonuses received from foreign invested enterprises. Therefore, as a foreign-invested enterprise, the Company will not withhold PRC individual income tax on behalf of overseas individual shareholders whose names appear on the H Shares register of members of the Company when the Company distributes the dividends.

Final Dividend for Investors of Southbound Trading

For investors (including enterprises and individuals) investing in the H Shares listed on the Hong Kong Stock Exchange through Shanghai Stock Exchange and Shenzhen Stock Exchange (collectively the "Southbound Trading"), the Company has entered into the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading with China Securities Depository and Clearing Corporation Limited, pursuant to which, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited or the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, as the nominees of the investors for Southbound Trading, will receive the cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of Southbound Trading through its depository and clearing system. The cash dividends of the investors of Southbound Trading will be distributed in Renminbi.

According to the provisions of the Notice on the Relevant Tax Policies Concerning the Pilot Program of an Interconnected Mechanism for Trading on the Shanghai and Hong Kong Stock Connect (Cai Shui [2014] No. 81)(《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the Notice on the Relevant Tax Policies Concerning the Pilot Program of an Inter-connected Mechanism for Trading on the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127)(《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), the income tax implications on dividends and bonuses received by Mainland individual investors, Mainland securities investment funds and Mainland enterprise investors are as follows:

(i) for Mainland individual investors, H share companies shall withhold the individual income tax for these investors at the tax rate of 20% on dividends and bonuses received by them from investing in H Shares listed on the Hong Kong Stock Exchange via Southbound Trading;

(ii) for dividends and bonuses received by Mainland securities investment funds from investing in shares listed on the Hong Kong Stock Exchange via Southbound Trading, the individual income tax shall be levied in accordance with the above provisions; and

(iii) for dividends and bonuses received by Mainland enterprise investors from investing in shares listed on the Hong Kong Stock Exchange via Southbound Trading, the income tax on the Mainland enterprises shall not be withheld by the H share companies. The tax payable shall be declared and paid by the enterprises. For dividends and bonuses received by the Mainland resident enterprises after holding the H shares for 12 months continuously, the enterprise income tax will be exempted according to laws.

The record date and the date of distribution of cash dividends and other time arrangements for the investors of Southbound Trading will be the same as those for the shareholders of H Shares.

Closure of Register of Members for the 2023 AGM

The 2023 AGM will be held on Wednesday, 29 May 2024 and for the purpose of determining the Shareholders' eligibility to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Friday, 24 May 2024 to Wednesday, 29 May 2024, both days inclusive, during which period no transfer of the shares of the Company will be registered. In order to qualify for attending and voting at the 2023 AGM, shareholders of H Shares whose transfer documents have not been registered are required to deposit all properly completed share transfer forms together with the relevant share certificates to the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 23 May 2024.

Closure of Register of Members for the Entitlement of Final Dividend

Upon obtaining approval of the Shareholders at the forthcoming 2023 AGM, the Final Dividend will be payable to the Shareholders whose names appear on the register of members of the Company as at the close of business on Friday, 7 June 2024. For the purpose of determining the entitlement of shareholders of H Shares to the Final Dividend, the H Share register of members of the Company will be closed from Tuesday, 4 June 2024 to Friday, 7 June 2024, both days inclusive, during which period no transfer of H Shares will be registered. In order for shareholders of H Shares to qualify for the proposed Final Dividend, all properly completed share transfer forms together with the relevant share certificates must be lodged with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 3 June 2024.

Share Capital

Details of the movements in the share capital of the Company for the year ended 31 December 2023 and as at 31 December 2023 is set out in note 24 to the consolidated financial statements.

Reserves and Distribution Reserve

Details of the movements in the reserves of the Company and of the Group for the year ended 31 December 2023 are set out in note 37(a) and note 25 to the consolidated financial statements and pages 110 to 111 of this annual report under the section headed "Consolidated Statement of Changes in Equity".

As of 31 December 2023, the Company's aggregate amount of reserve available for distribution to equity shareholders was approximately RMB806.2 million.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group for the year ended 31 December 2023 are set out in note 15(a) to the consolidated financial statements.

Intangible Assets

Details of the movements in intangible assets of the Group for the year ended 31 December 2023 are set out in note 17 to the consolidated financial statements.

Borrowings

As at 31 December 2023, the Group had long-term borrowings of RMB196.7 million, among which RMB81.3 million will be repayable within one year. The Group also had short-term borrowings of RMB100.1 million with a term of less than one year. Details of the borrowings of the Group are set out in note 26 to the consolidated financial statements.

Charitable Donations

The Group did not make any charitable donations for the year ended 31 December 2023.

Retirement Benefit Scheme

There are no provisions under the retirement benefit scheme of the Group whereby forfeited contributions may be used to reduce future contributions. Details of retirement benefit scheme of the Group are set out in note 8 to the consolidated financial statements.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on pages 207 to 208 of this annual report.

Purchase, Sale or Redemption of the Company's Listed Securities

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.

Future Plans for Material Investments or Capital Assets

The Group has no other future plans for material investments and capital assets as at 31 December 2023.

Pledge of Assets

Details of the pledge of assets of the Group for the year ended 31 December 2023 are set out in notes 15, 16 and 20 to the consolidated financial statements.

Pre-Emptive Rights

There is no arrangement of pre-emptive rights in accordance with the laws of the PRC and the requirements of the Articles of Association of the Company.

Directors and Supervisors

The Directors and the supervisors of the Company (the "Supervisors") during 2023 and up to the date of this annual report are:

Directors

Executive Directors

Mr. Chan Cheuk Hung *(Co-chairman)*

Mr. Huang Fengchao *(Co-chairman)*

Mr. Li Dalong *(President (General Manager) and Chief Executive Officer)*

Mr. Chen Siyang *(Vice President) (appointed on 21 July 2023)*

Non-executive Directors

Mr. Xu Yongping *(appointed on 21 July 2023)*

Mr. Wei Xianzhong *(retired with effect from 21 July 2023)*

Ms. Yue Yuan *(retired with effect from 21 July 2023)*

Independent non-executive Directors

Mr. Wang Gonghu *(appointed on 21 July 2023)*

Mr. Wan Kam To *(retired with effect from 21 July 2023)*

Mr. Weng Guoqiang

Mr. Li Jiahe *(appointed on 3 March 2023)*

Supervisors

Mr. Liu Jianrong *(President of the Supervisory Committee, Employee representative Supervisor)*

Ms. Huang Zhixia *(Employee representative Supervisor)*

Ms. Zhang Pingting *(Shareholder representative Supervisor) (appointed on 21 July 2023)*

Mr. Shi Zhengyu *(Shareholder representative Supervisor) (retired with effect from 21 July 2023)*

Mr. Zheng Jiancheng *(External Supervisor) (appointed on 21 July 2023)*

Mr. Wang Gonghu *(External Supervisor) (retired with effect from 21 July 2023)*

Mr. Wang Shao *(External Supervisor)*

Independence Confirmation

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

Directors' and Supervisors' Service Contracts

Each of the executive Directors, the non-executive Directors and the Supervisors has entered into a service contract with the Company and each of the independent non-executive Directors has signed an appointment letter with the Company.

The appointment of all the Directors is effective from the respective appointment date until the expiry of the term of the third session of the Board. The appointment of all the Supervisors is effective from the respective appointment date until the expiry of the term of the third session of the Supervisory Committee.

No Director or Supervisor has a service contract/letter of appointment with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' and Supervisors' Interests in Transactions, Arrangements or Contracts of Significance

Other than those transactions disclosed in note 38 to the consolidated financial statements, no Director or Supervisor had a material beneficial interest in, either directly or indirectly, any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

Directors' and Supervisors' Interest in Competing Business

During the Year, none of the Directors, the Supervisors or their respective close associates had engaged in or had any interest in any business which competes or may compete, either directly or indirectly, with the businesses of the Group.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

Permitted Indemnity Provision

According to the duty indemnity policy for the Directors, the Supervisors and the Senior Management, each Director, Supervisor and Senior Management is entitled to be indemnified by the Company against all losses or liabilities which he/she may sustain or incur in carrying out his/her functions. The Company has also arranged appropriate insurance in respect of potential legal actions against the Directors, the Supervisors and the Senior Management arising out of corporate activities.

Biographical Details of Directors, Supervisors and Senior Management

Biographical details of the Directors, the Supervisors and Senior Management are set out in the sections headed "Biographies of Directors", "Biographies of Supervisors" and "Biographies of Senior Management", respectively, of this annual report.

Changes in Information of Directors, Supervisors and Chief Executives of the Company

Save as disclosed in this report, pursuant to Rule 13.51B of the Listing Rules, there have been no changes in information of Directors, Supervisors and chief executives of the Company subsequent to the date of the 2023 interim report.

Equity Linked Agreement

No equity linked agreements were entered into by the Company during 2023.

Directors', Supervisors' and the Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares or Debentures of the Company or any of its Associated Corporations

As of 31 December 2023, the interests and short positions of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Securities Dealing Codes as defined in the Corporate Governance Report in this annual report (the "Securities Dealing Codes"), were as follows:

(i) Interest in Shares of the Company

Name of Director/Supervisor	Nature of Interest	Class of Shares	Number of Shares[1]	Approximate Percentage of the Company's Issued Share Capital
Mr. Chan Cheuk Hung[2]	Beneficiary of a trust	H Shares	668,136,750 (L)	47.05%
			91,556,229 (S)	6.45%
Mr. Huang Fengchao[3]	Interest of a controlled corporation	H Shares	12,288,972 (L)	0.87%
Mr. Li Dalong[4]	Interest of a controlled corporation	H Shares	12,288,972 (L)	0.87%
	Spouse	H Shares	200,000 (L)	0.01%
Mr. Chen Siyang	Beneficial owner	H Shares	1,622,453 (L)	0.11%
Mr. Liu Jianrong	Beneficial owner	H Shares	50,000 (L)	0.01%

Notes:

(1) The letter "L" denotes the person's long position in the shares, while the letter "S" denotes the person's short position in the shares.

(2) Mr. Chan Cheuk Hung is the beneficiary of a family trust ("Chen's Family Trust", which is deemed to be interested in 668,136,750 long position and 91,556,229 short position in H shares of the Company). Therefore, Mr. Chan Cheuk Hung is deemed under the SFO to be interested in the shares of the Company held by Chen's Family Trust.

(3) Mr. Huang Fengchao is a limited partner of and owns 99.9% interest in Tianjin Fengxin Commercial Center (Limited Partnership)* 天津奉欣商業中心（有限合夥）("Tianjin Fengxin"). Tianjin Fengxin is a limited partner of and respectively owns 94.96% and 95% interest in Shanghai Baoya Business Consultancy Limited Partnership* 上海葆雅商務諮詢合夥企業（有限合夥）("Shanghai Baoya") and Shanghai Bingya Business Consultancy Limited Partnership* 上海秉雅商務諮詢合夥企業（有限合夥）("Shanghai Bingya"). Mr. Huang is also a general partner of Shanghai Baoya and Shanghai Bingya respectively, and has full control over Shanghai Baoya and Shanghai Bingya. Shanghai Baoya is a general partner of Shanghai Yongya Business Consultancy Limited Partnership* 上海詠雅商務諮詢合夥企業（有限合夥）("Shanghai Yongya") and has full control over Shanghai Yongya. Shanghai Bingya is a limited partner of and owns 50% interest in Shanghai Yongya. Shanghai Yongya is a limited partner of and owns 45% interest in Gongqingcheng A-Living Investment Management Limited Partnership* 共青城雅生活投資管理合夥企業（有限合夥）("Gongqingcheng Investment") which owns 12,288,972 H shares of the Company. Mr. Huang is a limited partner of and owns 4.99% interest in Gongqingcheng Investment. Hence, Mr. Huang Fengchao is deemed under the SFO to be interested in the shares of the Company held by Gongqingcheng Investment.

(4) Mr. Li Dalong is a limited partner of and owns 99.9% interest in Tianjin Chaotai Commercial Center (Limited Partnership)* 天津朝泰商業中心（有限合夥）("Tianjin Chaotai"). Tianjin Chaotai is a limited partner of and owns 47.5% interest in Shanghai Yanya Business Consultancy Limited Partnership* 上海焰雅商務諮詢合夥企業（有限合夥）("Shanghai Yanya") and Shanghai Chengya Business Consultancy Limited Partnership* 上海澄雅商務諮詢合夥企業（有限合夥）("Shanghai Chengya") respectively. Mr. Li is also a general partner of and owns 2.5% interest in Shanghai Yanya and Shanghai Chengya respectively, and has full control over Shanghai Yanya and Shanghai Chengya. Shanghai Yanya is a limited partner of and owns 50% interest in Shanghai Yeya Business Consultancy Limited Partnership* 上海燁雅商務諮詢合夥企業（有限合夥）("Shanghai Yeya"). Shanghai Chengya is a general partner of Shanghai Yeya and has full control over Shanghai Yeya. Shanghai Yeya is a limited partner of and owns 45% interest in Gongqingcheng Investment. Mr. Li is a general partner of Tianjin Fengxin and has full control over Tianjin Fengxin. Tianjin Fengxin is a limited partner of and owns 94.96% interest in Shanghai Baoya. Tianjin Fengxin is a limited partner of and owns 95% interest in Shanghai Bingya. Shanghai Baoya is a general partner of Shanghai Yongya and has full control over Shanghai Yongya. Shanghai Bingya is a limited partner of and owns 50% interest in Shanghai Yongya. Shanghai Yongya is a limited partner of and owns 45% interest in Gongqingcheng Investment which owns 12,288,972 H shares of the Company. Mr. Li is a limited partner of and owns 2.5% interest in Gongqingcheng Investment. Hence, Mr. Li Dalong is deemed under the SFO to be interested in the shares of the Company held by Gongqingcheng Investment. By virtue of the SFO, Mr. Li Dalong is deemed to be interested in the shares of the Company held by his spouse, Ms. Fei Fan.

(ii) Interest in Shares of Associated Corporation of the Company

Name of Director	Name of Associated Corporation	Nature of Interest	Number of Shares	Approximate Percentage of Shareholding Interest
Mr. Chan Cheuk Hung	Agile Group Holdings Limited	Beneficiary of a trust	2,453,096,250 (L)	48.61%
Mr. Huang Fengchao	Agile Group Holdings Limited	Beneficial owner	1,400,000 (L)	0.03%
Mr. Xu Yongping	Longcheng City Operation Service Group Co., Ltd.*（龍城城市運營服務集團有限公司）	Beneficial owner	2,658,240 (L)	3.60%

Note: The letter "L" denotes the person's long position in the shares.

* for identification purposes only

Save as disclosed above, as of 31 December 2023, neither any of the Directors, the Supervisors nor the chief executives had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Securities Dealing Codes.

Substantial Shareholders' Interests and Short Positions in Shares or Underlying Shares of the Company

So far as known to any Director or chief executives of the Company, as of 31 December 2023, the persons (other than Directors, Supervisors or chief executives of the Company) or corporations who had interest or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 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 were as follows:

Long Positions in Shares or Underlying Shares of the Company

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares[1]	Approximate Percentage of the Company's Issued Share Capital
Zhongshan A-Living Enterprises Management Services Co., Ltd.* (中山雅生活企業管理服務有限公司)	Beneficial owner	H shares	570,012,271 (L) 40,299,479 (S)	40.14% 2.84%
Deluxe Star International Limited[2]	Interest of a controlled corporation	H shares	570,012,271 (L) 40,299,479 (S)	40.14% 2.84%
	Beneficial owner	H shares	7,200,000 (L)	0.51%
Makel International (BVI) Limited[3]	Interest of a controlled corporation	H shares	577,212,271 (L) 40,299,479 (S)	40.65% 2.84%
Genesis Global Development (BVI) Limited[4]	Interest of a controlled corporation	H shares	577,212,271 (L) 40,299,479 (S)	40.65% 2.84%
Eastern Supreme Group Holdings Limited[5]	Interest of a controlled corporation	H shares	668,136,750 (L) 91,556,229 (S)	47.05% 6.45%
Agile Group Holdings Limited[6]	Interest of a controlled corporation	H shares	668,136,750 (L) 91,556,229 (S)	47.05% 6.45%
Full Choice Investments Limited[7]	Trustee of a trust	H shares	668,136,750 (L) 91,556,229 (S)	47.05% 6.45%
Top Coast Investment Limited[8]	Interest of a controlled corporation	H shares	668,136,750 (L) 91,556,229 (S)	47.05% 6.45%

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares[1]	Approximate Percentage of the Company's Issued Share Capital
Mr. Chen Zhuo Lin[9]	Beneficiary of a trust	H shares	668,136,750 (L)	47.05%
			91,556,229 (S)	6.45%
Mr. Chan Cheuk Yin[9]	Beneficiary of a trust	H shares	668,136,750 (L)	47.05%
			91,556,229 (S)	6.45%
Ms. Luk Sin Fong, Fion[9]	Beneficiary of a trust	H shares	668,136,750 (L)	47.05%
			91,556,229 (S)	6.45%
Mr. Chan Cheuk Hei[9]	Beneficiary of a trust	H shares	668,136,750 (L)	47.05%
			91,556,229 (S)	6.45%
Mr. Chan Cheuk Nam[9]	Beneficiary of a trust	H shares	668,136,750 (L)	47.05%
			91,556,229 (S)	6.45%
Ms. Zheng Huiqiong[10]	Spouse	H shares	668,136,750 (L)	47.05%
			91,556,229 (S)	6.45%
Ms. Lu Liqing[11]	Spouse	H shares	668,136,750 (L)	47.05%
			91,556,229 (S)	6.45%
Ms. Lu Yanping[12]	Spouse	H shares	668,136,750 (L)	47.05%
			91,556,229 (S)	6.45%
Ms. Chan Siu Na[13]	Spouse	H shares	668,136,750 (L)	47.05%
			91,556,229 (S)	6.45%
BNP PARIBAS SA	Person having a security interest in shares	H shares	108,552,792 (L)	7.64%
Standard Chartered PLC	Interest of a controlled corporation	H shares	105,667,250 (L)	7.44%
HSBC Holdings plc	Interest of a controlled corporation	H shares	104,626,338 (L)	7.36%
The Bank of East Asia, Limited	Person having a security interest in shares	H shares	100,513,000 (L)	7.08%
			513,000 (S)	0.04%
United Overseas Bank Limited	Interest of a controlled corporation	H shares	100,100,000 (L)	7.05%
Central Huijin Investment Ltd.	Interest of a controlled corporation	H shares	100,000,000 (L)	7.04%
China CITIC Bank Corporation Limited	Interest of a controlled corporation	H shares	100,000,000 (L)	7.04%
China CITIC Bank International Limited	Person having a security interest in shares	H shares	100,000,000 (L)	7.04%
China Construction Bank Corporation	Interest of a controlled corporation	H shares	100,000,000 (L)	7.04%
China Minsheng Banking Corp., Ltd.	Person having a security interest in shares	H shares	100,000,000 (L)	7.04%
CITIC Group Corporation	Interest of a controlled corporation	H shares	100,000,000 (L)	7.04%
CITIC Limited	Interest of a controlled corporation	H shares	100,000,000 (L)	7.04%
Dah Sing Bank, Limited	Person having a security interest in shares	H shares	100,000,000 (L)	7.04%

* for identification purpose only

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares[1]	Approximate Percentage of the Company's Issued Share Capital
LEI IOC HENG	Interest of a controlled corporation	H shares	100,000,000 (L)	7.04%
LIU CHAK WAN	Interest of a controlled corporation	H shares	100,000,000 (L)	7.04%
Luso International Banking Limited	Person having a security interest in shares	H shares	100,000,000 (L)	7.04%
Macao Development Bank Limited	Person having a security interest in shares	H shares	100,000,000 (L)	7.04%
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	Person having a security interest in shares	H shares	100,000,000 (L)	7.04%
UOB-Kay Hian Holdings Limited	Interest of a controlled corporation	H shares	100,000,000 (L)	7.04%
廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited)	Interest of a controlled corporation	H shares	100,000,000 (L)	7.04%
Lazard Asset Management LLC	Investment manager	H shares	84,042,250 (L)	5.92%

Notes:

(1) The letters "L" denotes the person's/corporation's long position in the shares, while the letter "S" denotes the person's/corporation's short position in the shares.

(2) Zhongshan A-Living Enterprises Management Services Co., Ltd.* is wholly-owned by Deluxe Star International Limited and Deluxe Star International Limited is deemed under the SFO to be interested in the shares of the Company held by Zhongshan A-Living Enterprises Management Services Co., Ltd.*.

(3) Deluxe Star International Limited is wholly-owned by Makel International (BVI) Limited and Makel International (BVI) Limited is deemed under the SFO to be interested in the shares of the Company held by Deluxe Star International Limited.

(4) Makel International (BVI) Limited is wholly-owned by Genesis Global Development (BVI) Limited and Genesis Global Development (BVI) Limited is deemed under the SFO to be interested in the shares of the Company held by Makel International (BVI) Limited.

(5) Genesis Global Development (BVI) Limited is wholly-owned by Eastern Supreme Group Holdings Limited and Eastern Supreme Group Holdings Limited is deemed under the SFO to be interested in the shares of the Company held by Genesis Global Development (BVI) Limited.

(6) Eastern Supreme Group Holdings Limited is wholly-owned by Agile Group Holdings Limited and Agile Group Holdings Limited is deemed under the SFO to be interested in the shares of the Company held by Eastern Supreme Group Holdings Limited.

(7) Full Choice Investments Limited is the trustee of Chen's Family Trust, therefore, Full Choice Investments Limited is deemed under the SFO to be interested in the shares of the Company held by Chen's Family Trust.

* for identification purpose only

(8) Top Coast Investment Limited is the settlor of Chen's Family Trust, therefore, Top Coast Investment Limited is deemed under the SFO to be interested in the shares of the Company held by Chen's Family Trust.

(9) Each of Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam is the beneficiary of Chen's Family Trust, therefore, Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam are deemed under the SFO to be interested in the shares of the Company held by Chen's Family Trust. In addition, by virtue of the SFO, Ms. Luk Sin Fong, Fion is deemed to be interested in the shares of the Company held by her spouse, Mr. Chen Zhuo Lin.

(10) By virtue of the SFO, Ms. Zheng Huiqiong is deemed to be interested in the shares of the Company held by her spouse, Mr. Chan Cheuk Yin.

(11) By virtue of the SFO, Ms. Lu Liqing is deemed to be interested in the shares of the Company held by her spouse, Mr. Chan Cheuk Hung.

(12) By virtue of the SFO, Ms. Lu Yanping is deemed to be interested in the shares of the Company held by her spouse, Mr. Chan Cheuk Hei.

(13) By virtue of the SFO, Ms. Chan Siu Na is deemed to be interested in the shares of the Company held by her spouse, Mr. Chan Cheuk Nam.

Save as disclosed above, as of 31 December 2023, the Directors, the Supervisors and the chief executives of the Company are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Major Customers and Suppliers

For the year ended 31 December 2023, the aggregate sales and purchases attributable to the Group's five largest customers and suppliers were approximately 8.97% of the Group's total revenue and approximately 9.03% of the Group's total purchase during the Year respectively.

As at 31 December 2023, Agile Holdings, holding approximately 47.05% of the issued share capital of the Company, is one of the Group's five largest customers.

Save as disclosed above, none of the Directors, Supervisors and their respective close associates nor any Shareholders (who are interested in more than 5% of the issued shares of the Company according to the knowledge of the Directors) had any interests in any of the five largest customers or suppliers of the Group.

Controlling Shareholders' Interests in Contracts of Significance

Save as disclosed in the paragraph headed "Continuing Connected Transactions" below, there was no contract of significance (whether for the provision of services to the Company or not) in relation to the Group's business to which the Company or any of its subsidiaries was a party and a controlling Shareholder or any of its subsidiaries is the other party during the Year or subsisted as at 31 December 2023.

Related Party Transactions

A summary of all related party transactions, in accordance with the Hong Kong Financial Reporting standards, entered into by the Group during the year ended 31 December 2023 is contained in note 36 to the consolidated financial statements. Save for those disclosed in the section headed "Continuing Connected Transactions" below, certain transactions reported under "Rental expenses" of note 36 also fell under the definition of "continuing connected transactions" under Chapter 14A of the Listing Rules but are fully exempt from the reporting, annual review, announcement and the independent shareholders' approval requirements. The transactions reported under "Provision of services" of note 36, except for the transactions entered into between the Group, Kaifeng Guokong Songdu Property Co. Ltd.*（開封國控宋都置業有限公司）, Zhongshan Yingxuan Property Development Co. Ltd.*（中山市盈軒房地產開發有限公司）fell under the definition of "continuing connected transactions" as disclosed in the section headed "Continuing Connected Transactions" below. Other related party transactions did not constitute "connected transactions" or "continuing connected transactions" under Chapter 14A of the Listing Rules.

Save for the continuing connected transactions disclosed below, during the Year, there were no other transactions which, in the opinion of the Directors, constituted connected transactions or continuing connected transactions that were subject to the reporting requirements under the Listing Rules.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions or continuing connected transactions entered into by the Group during the year ended 31 December 2023.

Continuing Connected Transactions

For the year ended 31 December 2023, the Group entered into the following continuing connected transactions, as defined in the Listing Rules, with connected persons of the Company.

(I) Continuing connected transactions subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirement

(i) Property Management Services Framework Agreement

On 23 September 2020, the Company entered into a property management services framework agreement (the "2021 Property Management Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide to Agile Group property management services, including (i) onsite security, cleaning, greening and gardening, repair and maintenance services as well as customer services to the property sales centers of Agile Group at the pre-delivery stage; (ii) operations and management services for the unsold property units; (iii) disinfection and hygiene services; (iv) property management services for the diversified businesses of Agile Holdings, including but not limited to environmental protection, urban renewal and real estate construction management; and (v) properties owned by Agile Group requiring the above services.

Pursuant to the 2021 Property Management Services Framework Agreement, the annual caps for the transactions contemplated under the 2021 Property Management Services Framework Agreement for the three years ended 31 December 2023 are expected not to exceed RMB1,030,000,000, RMB1,300,000,000 and RMB1,530,000,000, respectively. For the year ended 31 December 2023, the annual fee payable by Agile Holdings to the Group under the 2021 Property Management Services Framework Agreement was approximately RMB318,839,000, which is within the annual cap of RMB1,530,000,000.

On 28 August 2023, the Company entered into a supplemental agreement with Agile Holdings to vary the payment terms under the 2021 Property Management Services Framework Agreement.

As the 2021 Property Management Services Framework Agreement expired on 31 December 2023, and the Group was expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into a property management services framework agreement (the "2024 Property Management Services Framework Agreement") with Agile Holdings on 20 October 2023 for a term of three years from 1 January 2024 and ending on 31 December 2026. Pursuant to the 2024 Property Management Services Framework Agreement, the annual caps for the transactions contemplated under the 2024 Property Management Services Framework Agreement for the three years ending 31 December 2026 are expected not to exceed RMB420,000,000, RMB570,000,000 and RMB700,000,000, respectively.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2021 Property Management Services Framework Agreement and the 2024 Property Management Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(ii) Property Agency Services Framework Agreement

On 23 September 2020, the Company entered into a property agency services framework agreement (the "2021 Property Agency Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide to Agile Group property agency services, including but not limited to, providing marketing and sales services for properties developed by Agile Group.

Pursuant to the 2021 Property Agency Services Framework Agreement, the annual caps for the transactions contemplated under the 2021 Property Agency Services Framework Agreement for the three years ended 31 December 2023 are expected not to exceed RMB1,400,000,000, RMB1,800,000,000 and RMB2,350,000,000, respectively. For the year ended 31 December 2023, the annual fee payable by Agile Holdings to the Group under the 2021 Property Agency Services Framework Agreement was approximately RMB330,187,000, which is within the annual cap of RMB2,350,000,000.

On 28 August 2023, the Company entered into a supplemental agreement with Agile Holdings to vary the payment terms under the 2021 Property Agency Services Framework Agreement.

As the 2021 Property Agency Services Framework Agreement expired on 31 December 2023, and the Group was expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into a property agency services framework agreement (the "2024 Property Agency Services Framework Agreement") with Agile Holdings on 20 October 2023 for a term of three years from 1 January 2024 and ending on 31 December 2026. Pursuant to the 2024 Property Agency Services Framework Agreement, the annual caps for the transactions contemplated under the 2024 Property Agency Services Framework Agreement for the three years ending 31 December 2026 are expected not to exceed RMB600,000,000, RMB700,000,000 and RMB900,000,000, respectively.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2021 Property Agency Services Framework Agreement and the 2024 Property Agency Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(iii) Framework Referral Agreement

On 23 September 2020, the Company entered into a framework referral agreement (the "2021 Framework Referral Agreement") with Agile Holdings, pursuant to which the Group will provide marketing referral services in respect of the sales of residential properties and car parking spaces by Agile Group in their development projects to Agile Group including (i) marketing activities through the utilisation of the community resources and other sales channel of the Group; (ii) customers' information collection; and (iii) customers' referrals.

Pursuant to the 2021 Framework Referral Agreement, the annual caps for the transactions contemplated under the 2021 Framework Referral Agreement for the three years ended 31 December 2023 are expected not to exceed RMB550,000,000, RMB735,000,000 and RMB985,000,000, respectively. For the year ended 31 December 2023, the annual fee payable by Agile Holdings to the Group under the 2021 Framework Referral Agreement was approximately RMB229,067,000, which is within the annual cap of RMB985,000,000.

On 28 August 2023, the Company entered into a supplemental agreement with Agile Holdings to vary the payment terms under the 2021 Framework Referral Agreement.

As the 2021 Framework Referral Agreement expired on 31 December 2023, and the Group was expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into a framework referral agreement (the "2024 Framework Referral Agreement") with Agile Holdings on 20 October 2023 for a term of three years from 1 January 2024 and ending on 31 December 2026. Pursuant to the 2024 Framework Referral Agreement, the annual caps for the transactions contemplated under the 2024 Framework Referral Agreement for the three years ending 31 December 2026 are expected not to exceed RMB300,000,000, RMB400,000,000 and RMB500,000,000, respectively.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2021 Framework Referral Agreement and the 2024 Framework Referral Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(II) Continuing connected transactions subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirement

(i) Property Lease Framework Agreement

On 23 September 2020, the Company entered into a property lease framework agreement (the "Property Lease Framework Agreement") with Agile Holdings, pursuant to which the Company may lease from Agile Group office, clubhouse, employees dormitory and parking lot premises.

Pursuant to the Property Lease Framework Agreement, the annual caps for the transactions contemplated under the Property Lease Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB8,230,000, RMB8,830,000 and RMB9,310,000, respectively. For the year ended 31 December 2023, the annual fee payable by the Company to Agile Holdings under the Property Lease Framework Agreement was approximately RMB2,216,000, which is within the annual cap of RMB9,310,000.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Property Lease Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(ii) Turnkey Furnishing Services Framework Agreement

On 23 September 2020, the Company entered into a turnkey furnishing services framework agreement (the "2021 Turnkey Furnishing Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide turnkey furnishing consultancy services and relevant design, supervision, acceptance and ancillary consultancy services for properties developed by Agile Group.

Pursuant to the 2021 Turnkey Furnishing Services Framework Agreement, the annual caps for the transactions contemplated under the 2021 Turnkey Furnishing Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB68,000,000, RMB82,000,000 and RMB99,000,000, respectively. For the year ended 31 December 2023, the annual fee payable by Agile Holdings to the Group under the 2021 Turnkey Furnishing Services Framework Agreement was approximately RMB16,788,000, which is within the annual cap of RMB99,000,000.

On 13 February 2023, the Company entered into a supplemental agreement with Agile Holdings to vary the payment terms under the 2021 Turnkey Furnishing Services Framework Agreement.

As the 2021 Turnkey Furnishing Services Framework Agreement expired on 31 December 2023, and the Group was expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into a turnkey furnishing services framework agreement (the "2024 Turnkey Furnishing Services Framework Agreement") with Agile Holdings on 20 October 2023 for a term of three years from 1 January 2024 and ending on 31 December 2026. Pursuant to the 2024 Turnkey Furnishing Services Framework Agreement, the annual caps for the transactions contemplated under the 2024 Turnkey Furnishing Services Framework Agreement for the three years ending 31 December 2026 are expected not to exceed RMB20,000,000, RMB21,500,000 and RMB30,000,000, respectively.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2021 Turnkey Furnishing Services Framework Agreement and the 2024 Turnkey Furnishing Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(iii) Advertising and Public Relations Services Framework Agreement

On 23 September 2020, the Company entered into an advertising and public relations services framework agreement (the "2021 Advertising and Public Relations Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide to Agile Group services such as advertisement design, media agent and public relations.

Pursuant to the 2021 Advertising and Public Relations Services Framework Agreement, the annual caps for the transactions contemplated under the 2021 Advertising and Public Relations Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB120,000,000, RMB160,000,000 and RMB200,000,000, respectively. For the year ended 31 December 2023, the annual fee payable by Agile Holdings to the Group under the 2021 Advertising and Public Relations Services Framework Agreement was approximately RMB23,095,000, which is within the annual cap of RMB200,000,000.

On 13 February 2023, the Company entered into a supplemental agreement with Agile Holdings to vary the payment terms under the 2021 Advertising and Public Relations Services Framework Agreement.

As the 2021 Advertising and Public Relations Services Framework Agreement expired on 31 December 2023, and the Group was expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into an advertising and public relations services framework agreement (the "2024 Advertising and Public Relations Services Framework Agreement") with Agile Holdings on 20 October 2023 for a term of three years from 1 January 2024 and ending on 31 December 2026. Pursuant to the 2024 Advertising and Public Relations Services Framework Agreement, the annual caps for the transactions contemplated under the 2024 Advertising and Public Relations Services Framework Agreement for the three years ending 31 December 2026 are expected not to exceed RMB37,000,000, RMB40,000,000 and RMB45,000,000, respectively.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2021 Advertising and Public Relations Services Framework Agreement and the 2024 Advertising and Public Relations Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(iv) Pre-delivery Inspection Services Framework Agreement

On 23 September 2020, the Company entered into a pre-delivery inspection services framework agreement (the "2021 Pre-delivery Inspection Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide to Agile Group pre-delivery inspection services, including but not limited to conducting house inspection on properties developed by Agile Group upon completion of construction and before delivery of the same to homeowners.

Pursuant to the 2021 Pre-delivery Inspection Services Framework Agreement, the annual caps for the transactions contemplated under the 2021 Pre-delivery Inspection Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB160,000,000, RMB190,000,000 and RMB230,000,000, respectively. For the year ended 31 December 2023, the annual fee payable by Agile Holdings to the Group under the 2021 Pre-delivery Inspection Services Framework Agreement was approximately RMB35,858,000, which is within the annual cap of RMB230,000,000.

On 13 February 2023, the Company entered into a supplemental agreement with Agile Holdings to vary the payment terms under the 2021 Pre-delivery Inspection Services Framework Agreement.

As the 2021 Pre-delivery Inspection Services Framework Agreement expired on 31 December 2023, and the Group was expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into a pre-delivery inspection services framework agreement (the "2024 Pre-delivery Inspection Services Framework Agreement") with Agile Holdings on 20 October 2023 for a term of three years from 1 January 2024 and ending on 31 December 2026. Pursuant to the 2024 Pre-delivery Inspection Services Framework Agreement, the annual caps for the transactions contemplated under the 2024 Pre-delivery Inspection Services Framework Agreement for the three years ending 31 December 2026 are expected not to exceed RMB37,500,000, RMB45,000,000 and RMB60,000,000, respectively.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2021 Pre-delivery Inspection Services Framework Agreement and the 2024 Pre-delivery Inspection Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(v) Technology Services Framework Agreement

On 23 September 2020, the Company entered into a technology services framework agreement (the "2021 Technology Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide technology products and relevant services to Agile Holdings and/or its subsidiaries, including but not limited to (i) intelligent products; (ii) software products; (iii) intelligent home and sale of residential accessory products; (iv) software development; (v) information system integration services; (vi) intelligent design; (vii) intelligent engineering services; (viii) software platform technology services; and (ix) relevant consultancy services.

Pursuant to the 2021 Technology Services Framework Agreement, the annual caps for the transactions contemplated under the 2021 Technology Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB210,000,000, RMB230,000,000 and RMB250,000,000, respectively. For the year ended 31 December 2023, the annual fee payable by Agile Holdings to the Group under the 2021 Technology Services Framework Agreement was approximately RMB30,319,000, which is within the annual cap of RMB250,000,000.

On 13 February 2023, the Company entered into a supplemental agreement with Agile Holdings to vary the payment terms under the 2021 Technology Services Framework Agreement.

As the 2021 Technology Services Framework Agreement expired on 31 December 2023, and the Group was expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into a technology services framework agreement (the "2024 Technology Services Framework Agreement") with Agile Holdings on 20 October 2023 for a term of three years from 1 January 2024 and ending on 31 December 2026. Pursuant to the 2024 Technology Services Framework Agreement, the annual caps for the transactions contemplated under the 2024 Technology Services Framework Agreement for the three years ending 31 December 2026 are expected not to exceed RMB100,000,000, RMB150,000,000 and RMB200,000,000, respectively.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2021 Technology Services Framework Agreement and the 2024 Technology Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(vi) Consultation Services Framework Agreement

On 23 September 2020, the Company entered into a consultation services framework agreement (the "2021 Consultation Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide consultation services in relation to property management to the property projects of Agile Group at their preparation stage, design stage, assessment of construction design stage, construction stage and delivery stage, including but not limited to (i) formulation of property management services plan in accordance with the construction of the project and the target customers; (ii) provision of consultation on the master plan of the project and relevant design in relation to accessory facilities; (iii) inspection of construction progress and quality; (iv) related preparations for preliminary project planning, sourcing of materials and project execution in the property development projects of the Agile Group; and (v) monitoring of repair and rectification service.

Pursuant to the 2021 Consultation Services Framework Agreement, the annual caps for the transactions contemplated under the 2021 Consultation Services Framework Agreement for the three years ending 31 December 2023 are expected not to exceed RMB237,000,000, RMB240,000,000 and RMB250,000,000, respectively. For the year ended 31 December 2023, the annual fee payable by Agile Holdings to the Group under the 2021 Consultation Services Framework Agreement was approximately RMB29,930,000, which is within the annual cap of RMB250,000,000.

On 13 February 2023, the Company entered into a supplemental agreement with Agile Holdings to vary the payment terms under the 2021 Consultation Services Framework Agreement.

As the 2021 Consultation Services Framework Agreement expired on 31 December 2023, and the Group was expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into a consultation services framework agreement (the "2024 Consultation Services Framework Agreement") with Agile Holdings on 20 October 2023 for a term of three years from 1 January 2024 and ending on 31 December 2026. Pursuant to the 2024 Consultation Services Framework Agreement, the annual caps for the transactions contemplated under the 2024 Consultation Services Framework Agreement for the three years ending 31 December 2026 are expected not to exceed RMB45,000,000, RMB47,000,000 and RMB50,000,000, respectively.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2021 Consultation Services Framework Agreement and the 2024 Consultation Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(vii) Parking Space Leasing and Sales Agency Services Framework Agreement

On 22 April 2022, the Company entered into a parking space leasing and sales agency services framework agreement (the "Parking Space Leasing and Sales Agency Services Framework Agreement") with Agile Holdings, pursuant to which the Group will provide parking space sales and leasing services to the Agile Group, including but not limited to (1) parking space sales agency service; and (2) parking space leasing agency service.

Pursuant to the Parking Space Leasing and Sales Agency Services Framework Agreement, the annual caps for the (i) deposits and (ii) agency fee for the transactions contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement for the three years ending 31 December 2024 are expected not to exceed (i) RMB700,000,000, RMB700,000,000 and RMB700,000,000 and (ii) RMB145,000,000, RMB170,000,000 and RMB170,000,000, respectively. For the year ended 31 December 2023, the annual fees of (i) deposits and (ii) the agency fee payable by Agile Holdings to the Group under the Parking Space Leasing and Sales Agency Services Framework Agreement were RMB700,000,000 and approximately RMB15,327,000, respectively, which are within the annual caps of RMB700,000,000 and RMB170,000,000.

On 28 August 2023, the Company entered into a supplemental agreement (the "Supplement Agreement") with Agile Holdings to vary the payment terms under the Parking Space Leasing and Sales Agency Services Framework Agreement. On 22 December 2023, both parties entered into a termination agreement and mutually agreed to terminate the Supplemental Agreement. The rights and obligations agreed under the Supplemental Agreement shall be terminated.

Agile Holdings is the Controlling Shareholder and therefore, is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Parking Space Leasing and Sales Agency Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Confirmation of Independent Non-Executive Directors

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

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

(ii) on normal commercial terms; and

(iii) in accordance with the relevant framework agreements on terms that are fair and reasonable and in the interests of Shareholders as a whole.

Confirmation of the Auditors

The Company's auditor was engaged to report on the Group's continuing connected transactions for the year ended 31 December 2023 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

Significant Event after the Reporting Period

As of the date of this annual report, the Group did not have any significant event subsequent to 31 December 2023.

Litigation

During the year ended 31 December 2023, the Company was not involved in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of its Directors, for the year ended 31 December 2023 and as of the date of this annual report, the Company had maintained sufficient public float as required under the Listing Rules.

Corporate Governance

The Company had adopted the principles and code provisions as set out in the Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules and complied with the applicable code provisions throughout the Year.

Auditor

The consolidated financial statements of the Group for the year ended 31 December 2023 have been audited by Grant Thornton Hong Kong Limited, Certified Public Accountants, who shall retire at the 2023 AGM. A resolution will be proposed at the 2023 AGM to re-appoint Grant Thornton Hong Kong Limited, Certified Public Accountants, as auditor of the Company.

PricewaterhouseCoopers ("PwC") resigned as the auditor of the Company with effect from 24 November 2022. At the 2023 first extraordinary general meeting of the Company held on 3 March 2023, the Shareholders approved the appointment of Grant Thornton Hong Kong Limited to fill the casual vacancy following the resignation of PwC.

Save as disclosed above, there have been no other changes in auditors in the preceding three years.

Audit Committee

The audit committee of the Company had discussed with the management, and reviewed, the audited consolidated financial statements of the Group for the year ended 31 December 2023 as set out in this annual report.

Tax Relief and Exemption of Holders of Listed Securities

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

Sustainable Development

The Group believes that promoting sustainability is as important as achieving long-term business growth. It has therefore made continuous efforts to maintain a high degree of sustainability in its operations. Moreover, it values opportunities to learn more about the needs and expectations of the communities in which it operates, as well as those of other stakeholders. The Group is committed to strengthening its management efforts to promote sustainability through good corporate governance, environmental protection, community investment and workplace practices.

To demonstrate its commitment to transparency and accountability to its stakeholders, the Company will issue separately an Environmental, Social and Governance Report under Environmental, Social and Governance Reporting Guide as specified in Appendix C2 to the Listing Rules. The report will present the Company's commitment to sustainable development during the Year under review, and it will cover the significant economic, environmental and social achievements and impacts arising from the activities of the Group and its joint ventures.

On behalf of the Board

A-Living Smart City Services Co., Ltd.
Chan Cheuk Hung/Huang Fengchao
Co-chairman of the Board

Hong Kong, 25 March 2024

Report of the Supervisory Committee

I. Composition of the Supervisory Committee

As of 31 December 2023, the supervisory committee of the Company (the "Supervisory Committee") consisted of five members, of which there were two employee representative Supervisors, one shareholder representative Supervisor and two external Supervisors (collectively, the "Supervisors"). The terms of office of Supervisors shall be three years, and is renewable upon re-election after the expiry of his/her term in accordance with the requirements of the articles of association of the Company (the "Articles of Association").

The composition of the Supervisory Committee is as follows:

Name	Position	Date of Appointment	Responsibilities
Mr. Liu Jianrong	President of the Supervisory Committee, employee representative Supervisor	21 July 2020	Presiding the work of the Supervisory Committee, responsible for supervising the board of directors (the "Board") and the senior management of the Company
Ms. Huang Zhixia	Employee representative Supervisor	21 July 2017	Responsible for supervising the Board and the senior management of the Company
Ms. Zhang Pingting	Shareholder representative Supervisor	21 July 2023	Responsible for supervising the Board and the senior management of the Company
Mr. Zheng Jiancheng	External Supervisor	21 July 2023	Responsible for supervising the Board and the senior management of the Company
Mr. Wang Shao	External Supervisor	21 August 2017	Responsible for supervising the Board and the senior management of the Company

II. Major Works of the Supervisory Committee in 2023

In 2023, being accountable to all shareholders of the Company (the "Shareholders"), the members of the Supervisory Committee of the Company strengthened the coordination and cooperation between the Board and the senior management and seriously performed the duties of supervision, for purposes of better playing a supervisory role of the Supervisory Committee, promoting the standardized operation and healthy development of the Company, and safeguarding the rights and interests of the Company and the Shareholders.

(i) Convening meetings of the Supervisory Committee according to law, and earnestly performing supervisory duties

In 2023, the Supervisory Committee held a total of 4 meetings of the Supervisory Committee.

The Supervisors carefully reviewed the meeting materials and fully studied and discussed the proposals before attending the meetings of the Supervisory Committee. The Supervisors attended meetings of the Supervisory Committee and earnestly performed supervisory duties. The details of Supervisors attendance at the meetings of the Supervisory Committee held are as follows:

Name	Number of supervisory meetings eligible to attend	Attendance in person	Attendance by proxy	Absence
Mr. Liu Jianrong	4	4	0	0
Ms. Huang Zhixia	4	4	0	0
Ms. Zhang Pingting *(appointed on 21 July 2023)*	2	2	0	0
Mr. Shi Zhengyu *(retired with effect from 21 July 2023)*	2	2	0	0
Mr. Zheng Jiancheng *(appointed on 21 July 2023)*	2	2	0	0
Mr. Wang Gonghu *(retired with effect from 21 July 2023)*	2	2	0	0
Mr. Wang Shao	4	4	0	0

(ii) Supervising the Directors and Senior Management of the Company in their performance of duties

In 2023, the members of the Supervisory Committee reviewed the resolutions of the Board by attending board meetings, examined the daily operation and management of the Company and supervised the directors and senior management of the Company in their performance of duties.

(iii) Supervising the Continuing Connected Transactions of the Company with connected persons

In 2023, the members of the Supervisory Committee reviewed the continuing connected transactions of the Company by attending Supervisory Committee meetings. The members of the Supervisory Committee also attended the 2022 annual general meeting held on 30 May 2023.

(iv) Monitoring Company's Operation

In 2023, members of the Supervisory Committee participated in discussions of major operating decisions, reviewed proposals submitted to the Board for consideration and examined and monitored the operation of the Company through attending Board meetings and general meetings of the Shareholders held by the Company. The Supervisory Committee is of the opinion that the business activities of the Company complied with relevant laws and regulations and the Articles of Association. Meanwhile, the Directors and senior management of the Company have diligently performed their duties and earnestly implemented the resolutions of the general meetings of the shareholders to safeguard the interests of the Shareholders and the benefit of the Company. In the course of examining the operation of the Company and supervising the performance of duties of the Directors and senior management, the Supervisory Committee has not found any of their behaviors that contravened any applicable laws and regulations or the Articles of Association or any issues that has caused damage to the interests of the Shareholders and the Company.

(v) Focusing on strategy fulfillment and implementation of effective supervision

The Supervisory Committee actively supported the Company's major work and paid close attention to the Company's major events and performed well in supervision and promotion duties.

III. Independent Opinions of Supervisory Committee

(i) Lawful Operation

In 2023, the Company's operations were in compliance with laws and regulations, and its decision-making procedures conformed to relevant laws, regulations and the Articles of Association. Directors and senior management of the Company duly performed their duties. The Supervisors Committee is not aware of any breach of laws, regulations and the Articles of Association or any actions which might be detrimental to the interests of the Company when Directors and senior management were performing their duties.

(ii) Annual Report

The preparation and review procedures of this annual report complies with laws and regulations and regulatory provisions. The contents of this annual report reflected the Company's actual situation truly, accurately and completely.

(iii) Performance Appraisal Results of Directors and Senior Management

In the view of the Supervisory Committee, Directors and senior management of the Company were in compliance with laws and carried out their duties responsibly and they performed their work in a practicable, diligent and due manner. The decision-making procedures were lawful.

(iv) Continuous Connected Transactions

In 2023, the continuous connected transactions of the Company were conducted based on business principles. There were no activities which impaired the interests of the Company in continuous connected transactions. The approval, voting, disclosure and implementation of continuous connected transactions complied with applicable laws and regulations and the Articles of Association.

IV. Major Initiatives for 2024

The Supervisory Committee will be strictly in accordance with the laws and regulations, Articles of Association and the Terms of Reference of the Supervisory Committee of the Company and other requirements of the relevant provisions to conduct discussion of daily business of the Supervisory Committee and diligently and responsibly perform their duties, including (1) to convene meetings of the Supervisory Committee according to the actual situation of the Company and review and consider various resolutions; (2) to review the Company's financial position by regularly understanding and reviewing financial reports, and monitor the financial operation of the Company in order to prevent against operational risks; and (3) diligently, responsibly and actively to participate in the Board meetings, general meetings and other important meetings as well as the decision-making process in relation to material matters to better safeguard the interests of the Company and the Shareholders.

Grant Thornton
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To the members of A-Living Smart City Services Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of A-Living Smart City Services Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 106 to 206, which comprise the consolidated balance sheet as at 31 December 2023, and the consolidated income statement, the consolidated statement of 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 ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of goodwill impairment Refer to notes 4(a) and 17 to the consolidated financial statements. As at 31 December 2023, the Group had goodwill of RMB2,887,011,000 primarily in relation to the Group's acquisition of other property management services groups (the "Acquirees"). Management has assessed the goodwill impairment and impairment losses of goodwill amounting to RMB427,890,000 was recognised in the current year. Goodwill is tested for impairment annually, or when there are events or changes in circumstances indicate that it might be impaired. For the purpose of impairment assessment, goodwill was allocated to each group of cash-generated units of the Acquirees. Management assessed impairment of goodwill with the assistance of an independent external valuer (the "External Valuer") and determined the recoverable amounts based on a value-in-use ("VIU") calculation using cash flow projections based on financial budgets approved by management. The key assumptions considered primarily include (i) compound annual growth rate of revenue, (ii) earnings before interest, tax, depreciation and amortisation ("EBITDA") margin, (iii) average trade receivables turnover days, (iv) long-term growth rate, and (v) pre-tax discount rate.	We have performed the following procedures in respect of the assessment of goodwill impairment: • Understood, evaluated and tested the internal control over the impairment assessment of goodwill and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias or fraud; • Evaluated the competency, capabilities and objectivity of the External Valuer; • Evaluated the appropriateness of the methodology and the reasonableness of key assumptions adopted with the involvement of our internal valuation experts; • Challenged and assessed the reasonableness of the key assumptions adopted by management as below: (i) evaluated the historical estimation accuracy of the cash flow forecast by, for example, comparing the forecast used in the prior year to the actual performance of the business in the current year; (ii) evaluated the reasonableness of the key assumptions used in the cash flow forecast, including compound annual growth rate of revenue, EBITDA margin and average trade receivables turnover days during the forecast period, we compared them with historical financial data and approved budgets; (iii) for the long-term growth rate, we assessed it with reference to the long-term expected inflation rate based on our independent research; (iv) assessed the pre-tax discount rate with reference to comparable listed companies based on our industry knowledge and independent research done by us;

Key Audit Matter	How our audit addressed the Key Audit Matter
We identified this area as a key audit matter because of the significance of the goodwill balance and the significant judgements and estimates made by the management in the goodwill impairment assessment. The inherent risk in relation to the impairment assessment of goodwill is considered significant due to the complexity of the impairment models and subjectivity of significant assumptions used.	• Tested source data to supporting evidence on a sample basis, such as approved budgets and available market data and considered the reasonableness of these budgets; • Evaluated the reasonableness of the sensitivity analysis performed by management on the key assumptions to understand the impact of the reasonable changes in assumptions on the recoverable amount; • Assessed the adequacy of the disclosures related to impairment assessment of goodwill; and • Considered whether the judgements made in selecting the methodology and the key assumptions would give rise to indicators of possible management bias. Based on the above, we found that the significant judgements and estimates involved in the goodwill impairment assessment were supported by available evidences.

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of expected credit losses of trade receivables Refer to notes 3.1.2, 4(c) and 20 to the consolidated financial statements. As at 31 December 2023, the gross balance of trade receivables amounted to RMB7,707,525,000, which represented approximately 32.0% of the total assets of the Group. Management has assessed the expected credit losses ("ECL") of trade receivables with a loss allowance of RMB1,053,795,000 made against trade receivables as at 31 December 2023. Management applied the simplified approach under HKFRS 9 to measure the lifetime ECL of trade receivables. To measure the ECL, trade receivables were grouped based on shared credit risk characteristics. Management assessed the ECL based on estimation about risk of default and expected loss rates, and judgment was used in making these assumptions and selecting the inputs to the impairment calculation, including the historical settlement records, credit ratings, financial positions of the customers and other factors that impacted their ability of repayment. Management also took into account of the current market conditions and forward-looking factors.	We have performed the following procedures in respect of the assessment of ECL of trade receivables: • Obtained an understanding of the Group's internal control and assessment process of ECL of trade receivables, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk of factors, such as complexity and subjectivity; • Evaluated and validated, on a sample basis, the key controls over management's assessment of the ECL of trade receivables including the review of ageing analysis; • Assessed the appropriateness of the credit loss provisioning methodology adopted by management including the appropriateness of customer grouping based on our understanding on the Group's business process;

Key Audit Matter	How our audit addressed the Key Audit Matter
We identified this area as a key audit matter due to the significance of the trade receivables balance. In addition, the judgements and estimations in relation to assessment of ECL are subject to high degree of estimation uncertainty. The inherent risk in relation to the assessment of ECL is considered relatively higher due to the complexity of impairment models and subjectivity of significant assumptions and data used.	• Evaluated the appropriateness of the methodology and the reasonableness of key assumptions adopted: (i) assessed the appropriateness of customer grouping based on our understanding on the Group's business process, the credit control process and the credit risk characteristics of trade receivables; (ii) assessed the reasonableness of significant assumptions used in estimating the loss rate referencing to customers' credit information, the historical settlement performance, and collaborated management's explanations with publicly available information and supporting evidence; (iii) challenged and evaluated management's assessment on the financial positions of the customers, existing markets conditions and forward-looking factors with reference to our understanding of Group's business, industry and external macroeconomic data; • Tested, on a sample basis, the accuracy of the ageing analysis of trade receivables prepared by management to supporting documents; • Checked the mathematical accuracy of the calculation of the provision for loss allowance; and • Assessed the adequacy of the disclosures related to assessment of ECL of trade receivables. Based on the above, we found that the key judgements and estimates made by management in relation to the assessment of ECL of trade receivables were supported by available evidences.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all the information in the 2023 annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors for the Consolidated Financial Statements

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

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

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

From the matters communicated with the Audit Committee, 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.

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Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong SAR

25 March 2024

Ng Ka Kong
Practising Certificate No.: P06919

Consolidated Income Statement

		Year ended 31 December	
		2023	2022
	Notes	**RMB'000**	RMB'000
Revenue	6	**15,443,449**	15,378,576
Cost of sales	7	**(12,797,899)**	(11,994,599)
Gross profit		**2,645,550**	3,383,977
Selling and marketing expenses	7	**(101,377)**	(93,446)
Administrative expenses	7	**(841,140)**	(851,665)
Net impairment losses on financial assets	3.1.2	**(534,820)**	(465,623)
Impairment loss on goodwill		**(427,890)**	–
Other income	9	**190,994**	232,246
Other gains – net	10	**92,418**	208,634
Operating profit		**1,023,735**	2,414,123
Finance costs	11	**(20,128)**	(18,565)
Share of post-tax profits of joint ventures and associates	12(b)	**44,937**	56,393
Profit before income tax		**1,048,544**	2,451,951
Income tax expenses	13	**(349,811)**	(517,019)
Profit for the year		**698,733**	1,934,932
Profit attributable to:			
– Shareholders of the Company		**460,875**	1,839,601
– Non-controlling interests ("NCI")		**237,858**	95,331
		698,733	1,934,932
Earnings per share (expressed in RMB per share)			
– Basic and diluted earnings per share	14	**0.32**	1.30

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Profit for the year	**698,733**	1,934,932
Other comprehensive income/(loss)		
Item that will not be reclassified to profit or loss		
– changes in fair value of financial assets at fair value through other comprehensive income, net of tax	**–**	(8,357)
– share of other comprehensive income of associates and joint ventures	**2,199**	–
Total comprehensive income for the year	**700,932**	1,926,575
Attributable to:		
– Shareholders of the Company	**463,074**	1,834,625
– Non-controlling interests	**237,858**	91,950
	700,932	1,926,575

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

	Notes	As at 31 December 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment ("PPE")	15(a)	**632,800**	602,543
Right-of-use assets	15(b)	**82,511**	51,716
Investment properties	16	**262,995**	252,796
Other intangible assets	17	**1,170,180**	1,372,249
Goodwill	17	**2,887,011**	3,314,901
Deferred income tax assets	28	**385,182**	258,961
Investment accounted for using the equity method	12(b)	**1,202,285**	1,169,571
Prepayments	20	**923,797**	362,280
Financial assets at fair value through other comprehensive income ("FVOCI")	19	**12,593**	12,593
Financial assets at fair value through profit or loss ("FVPL")	22	**3,238**	3,238
		7,562,592	7,400,848
Current assets			
Trade and other receivables and prepayments	20	**10,206,581**	10,353,331
Inventories	21	**38,518**	46,968
Financial assets at fair value through profit or loss	22	**2,000,112**	1,043,514
Restricted cash		**167,912**	57,791
Cash and cash equivalents	23	**4,074,865**	3,799,262
		16,487,988	15,300,866
Total assets		**24,050,580**	22,701,714
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	24	**1,420,001**	1,420,001
Other reserves	25	**5,625,031**	5,687,588
Retained earnings		**5,768,108**	5,356,798
		12,813,140	12,464,387
Non-controlling interests		**1,635,991**	1,660,207
Total equity		**14,449,131**	14,124,594

	Notes	As at 31 December 2023 RMB'000	 2022 RMB'000
LIABILITIES			
Non-current liabilities			
Other payables	27	**2,891**	6,672
Contract liabilities	6(a)	**83,631**	19,727
Borrowings	26	**115,369**	11,749
Lease liabilities	15(b)	**42,069**	25,298
Deferred income tax liabilities	28	**313,152**	325,539
		557,112	388,985
Current liabilities			
Trade and other payables	27	**6,683,371**	6,022,128
Contract liabilities	6(a)	**1,567,840**	1,340,277
Current income tax liabilities		**576,025**	561,434
Borrowings	26	**181,386**	93,071
Lease liabilities	15(b)	**35,715**	26,892
Financial liabilities for put options	29	**–**	144,333
		9,044,337	8,188,135
Total liabilities		**9,601,449**	8,577,120
Total equity and liabilities		**24,050,580**	22,701,714

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 106 to 206 were approved by the Board of Directors on 25 March 2024 and were signed on its behalf.

Chan Cheuk Hung *Director*	**Huang Fengchao** *Director*

Consolidated Statement of Changes in Equity

	Notes	Attributable to the shareholders of Company					
		Share capital RMB'000 (Note 24)	Other reserves RMB'000 (Note 25)	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2023		1,420,001	5,687,588	5,356,798	12,464,387	1,660,207	14,124,594
Comprehensive income							
Profit for the year		–	–	460,875	460,875	237,858	698,733
Other comprehensive income		–	2,199	–	2,199	–	2,199
Total comprehensive income		–	2,199	460,875	463,074	237,858	700,932
Transactions with shareholders of the Company							
Dividends to the shareholders of the Company	30	–	–	(35,500)	(35,500)	–	(35,500)
Dividends to the NCI		–	–	–	–	(161,253)	(161,253)
Acquisition of subsidiaries	32	–	–	–	–	759	759
Disposal of subsidiaries	35	–	–	–	–	(4,718)	(4,718)
Capital injection from the NCI		–	–	–	–	23,742	23,742
Share-based payments		–	10,560	–	10,560	–	10,560
Exercise of put option		–	25,413	–	25,413	(25,413)	–
Other transaction with NCI	34	–	(114,794)	–	(114,794)	(95,191)	(209,985)
Appropriation of statutory reserves	25	–	14,065	(14,065)	–	–	–
		–	(64,756)	(49,565)	(114,321)	(262,074)	(376,395)
Balance at 31 December 2023		1,420,001	5,625,031	5,768,108	12,813,140	1,635,991	14,449,131

	Notes	Share capital RMB'000 (Note 24)	Other reserves RMB'000 (Note 25)	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to the shareholders of Company					
Balance at 1 January 2022		1,420,001	5,614,759	4,156,348	11,191,108	1,719,820	12,910,928
Comprehensive income							
Profit for the year		–	–	1,839,601	1,839,601	95,331	1,934,932
Other comprehensive loss, net of tax		–	(4,975)	–	(4,975)	(3,382)	(8,357)
Total comprehensive (loss)/income		–	(4,975)	1,839,601	1,834,626	91,949	1,926,575
Transactions with shareholders of the Company							
Dividends to the shareholders of the Company	30	–	–	(582,200)	(582,200)	–	(582,200)
Dividends to the NCI		–	–	–	–	(155,439)	(155,439)
Acquisition of subsidiaries		–	–	–	–	2,115	2,115
Capital injection from the NCI		–	–	–	–	5,395	5,395
Share-based payments		–	39,990	–	39,990	–	39,990
Other transaction with NCI		–	(19,137)	–	(19,137)	(3,633)	(22,770)
Appropriation of statutory reserves	25	–	56,951	(56,951)	–	–	–
		–	77,804	(639,151)	(561,347)	(151,562)	(712,909)
Balance at 31 December 2022		1,420,001	5,687,588	5,356,798	12,464,387	1,660,207	14,124,594

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

Consolidated Statement of Cash Flows

		Year ended 31 December	
		2023	2022
	Notes	**RMB'000**	RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations	31(a)	**1,472,380**	(226,156)
Income tax paid		**(474,738)**	(707,547)
Net cash generated from/(used in) operating activities		**997,642**	(933,703)
Cash flows from investing activities			
Purchases of PPE		**(214,682)**	(237,191)
Purchase of investment properties		**–**	(10,000)
Proceeds from disposal of PPE and investment properties		**63,451**	11,747
Purchase of other intangible assets		**(1,064)**	(2,644)
Proceeds from disposal of other intangible assets		**104**	–
Investments in joint ventures and associates		**(2,701)**	(4,847)
Refund of the deposit for potential acquisition		**140,000**	140,915
Loans to related parties		**(84,140)**	–
Loans repayments received from related parties		**5,362**	59,638
Loans to third parties		**(4,938,765)**	(4,840,000)
Loans repayments from third parties		**4,567,460**	4,948,000
Interest received		**62,778**	40,609
Acquisition of financial assets at FVPL	3.3(b)	**(2,125,750)**	(3,106,730)
Proceeds from disposal of financial assets at FVPL and FVOCI		**2,168,713**	1,848,628
Dividend received		**2,793**	–
Cash inflow from acquisition of subsidiaries		**1,772**	36,787
Cash inflow/(outflow) from disposal of subsidiaries	35	**1,248**	(1,000,115)
Decrease in restricted bank deposits		**–**	3,300,200
Net cash (used in)/generated from investing activities		**(353,421)**	1,184,997

	Notes	Year ended 31 December 2023 RMB'000	2022 RMB'000
Cash flows from financing activities			
Capital injection from NCI		**23,742**	5,349
Cash advances from third parties		**6,875**	15,743
Repayment to third parties		**(6,988)**	(10,366)
Proceeds from borrowings		**339,035**	95,418
Repayments of borrowings		**(147,100)**	(69,127)
Principal elements and interest of lease payments		**(47,035)**	(55,812)
Interest paid		**(13,367)**	(3,284)
Receipt of cash advances from related parties		**–**	54,139
Dividends paid to shareholders		**–**	(582,200)
Dividends paid to the NCI		**(195,215)**	(159,528)
Payment for written put option liabilities	29	**(33,207)**	–
Other transactions with the NCI		**(300,743)**	(127,912)
Net cash used in financing activities		**(374,003)**	(837,580)
Net increase/(decrease) in cash and cash equivalents		**270,218**	(586,286)
Cash and cash equivalents at beginning of year		**3,799,262**	4,390,545
Effect of exchange rate changes on cash and cash equivalents		**5,385**	(4,997)
Cash and cash equivalents at end of year	23	**4,074,865**	3,799,262

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

1. General Information

A-Living Smart City Services Co., Ltd. (the "Company") was established in the People's Republic of China (the "PRC") on 26 June 1997. On 21 July 2017, the Company was converted from a limited liability company into a joint stock company with limited liability. The address of the Company's registered office is Management Building, Xingye Road, Agile Garden, Sanxiang Town, Zhongshan, Guangdong Province, PRC.

The Company was listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 9 February 2018.

The Company's parent company is Zhongshan A-Living Enterprise Management Services Co., Ltd. ("Zhongshan A-Living"), an investment holding company established in the PRC, and its ultimate holding company is Agile Group Holdings Limited ("Agile Holdings"), a company incorporated in the Cayman Islands and its shares are listed on the Hong Kong Stock Exchange.

The Company and its subsidiaries (together the "Group") are primarily engaged in the provision of property management services, related value-added services and city sanitation and cleaning services in the PRC.

These consolidated financial statements are presented in Renminbi, unless otherwise stated.

2. Summary of Material Accounting Policies

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1(i) Basis of preparation

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong.

These consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"). The material accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 2.1(ii).

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) and investment properties measured at fair value.

2. Summary of Material Accounting Policies (Continued)

2.1(i) Basis of preparation (Continued)

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. 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 4.

2.1(ii) New and amended standards adopted by the Group

New or amended HKFRSs that are effective for annual periods beginning on 1 January 2023

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

HKFRS 17	Insurance Contracts and related amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except for those mentioned below, the adoption of these new or amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 "Making Materiality Judgements" to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. The amendments had no impact on the consolidated financial statements of the Group.

2. Summary of Material Accounting Policies (Continued)

2.1(ii) New and amended standards adopted by the Group (Continued)

New or amended HKFRSs that are effective for annual periods beginning on 1 January 2023 (Continued)

Amendments to HKAS 8 "Definition of Accounting Estimates"

The amendments clarify how entities should distinguish changes in accounting policies from changes in accounting estimates by introducing a definition for accounting estimates, which is now defined as "monetary amounts in the financial statements that are subject to measurement uncertainty".

Besides, the amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. Accounting estimates typically involve the use of judgements or assumptions based on latest available reliable information. A change in accounting estimate that results from new information or new development is not correction of an error. Therefore, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. In addition, two illustrative examples are added to illustrate how to apply the new definition of accounting estimates.

The amendments are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. The amendments had no impact on the consolidated financial statements of the Group.

Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption of deferred tax in HKAS 12 "Income Taxes" does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as lease contracts that give rise to the recognition of a lease liability and the corresponding right-of-use assets and contracts that give rise to the recognition of decommissioning obligations and corresponding amounts recognised as assets. Instead, entities are required to recognise the related deferred tax asset and liability on initial recognition, with the recognition of any deferred tax asset being subject to the recoverability criteria in HKAS 12 "Income Taxes".

The Group adopted the amendments from 1 January 2023 and are required to recognise the associated deferred tax assets and liabilities from leases that occurred on or after 1 January 2022 from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained profits at that date.

2. Summary of Material Accounting Policies (Continued)

2.1(ii) New and amended standards adopted by the Group (Continued)

New or amended HKFRSs that are effective for annual periods beginning on 1 January 2023 (Continued)

Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" (Continued)

Prior to the application of the amendments, the Group had recognised the deferred tax assets and liabilities arising from leases on a net basis. Following the requirements of the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets as at 1 January 2022. As the balances are qualified for offset under paragraph 74 of HKAS 12, there is no material impact on the opening retained profits as at 1 January 2022 as a result of the amendments. The key impact of the Group relates to disclosure of components of deferred tax assets and liabilities in note 28 of the consolidated financial statement.

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group

		Effective for annual periods beginning on or after
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures	To be determined
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement	1 January 2024
Amendments to HKAS 21	Lack of exchangeability	1 January 2025

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning on or after the effective date of the pronouncement. The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's consolidated financial statements.

2. Summary of Material Accounting Policies (Continued)

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.3).

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 income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control, which is the power to participate in the financial and operating policy decisions of the investee. 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 Note 2.2.4 below), after initially being recognised at cost.

2.2.3 Joint ventures

Interests in joint ventures are accounted for using the equity method (see Note 2.2.4 below), after initially being recognised at cost in the consolidated balance sheet.

2.2.4 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.

When 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.

2. Summary of Material Accounting Policies (Continued)

2.2 Principles of consolidation and equity accounting (Continued)

2.2.4 Equity method (Continued)

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 2.10.

2.2.5 Changes in equity interests

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 Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

2.3 Business combinations

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
- 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.

2. Summary of Material Accounting Policies (Continued)

2.3 Business combinations (Continued)

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.

Acquisition-related costs are expensed as incurred.

The excess of the:

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

Where the Group enters into a contract that contains an obligation (for example a written put option exercisable by the contract counterparty) to acquire shares in a partly-owned subsidiary company from the owner of the non-controlling interest, which is not part of a business combination, the Group records a financial liability in respect of the present value of the redemption amount with a corresponding charge directly to equity. Changes to the value of the financial liability are recognised in the consolidated income statement within finance costs.

2. Summary of Material Accounting Policies (Continued)

2.4 Separate financial statements

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.

2.5 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 director that makes strategic decisions.

2.6 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"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised within "other gains – net" in the consolidated income statement.

2. Summary of Material Accounting Policies (Continued)

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. 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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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

Buildings	5-60 years
Transportation equipment	2-10 years
Office equipment	2-10 years
Machinery	2-10 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 gains – net" in the consolidated income statement.

2.8 Investment properties

Investment properties, principally freehold office buildings, are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are presented in consolidated income statement as part of "other gains – net".

2. Summary of Material Accounting Policies (Continued)

2.9 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.3. 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 CGUs or groups of CGUs 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.

(b) Trademarks

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 5 to 15 years.

(c) Customer relationship and backlogs

Customer relationship and backlogs acquired in a business combination is recognised at fair value at the acquisition date. The contractual customer relations and backlogs 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 2 to 10 years for the customer relationship and backlogs.

(d) Computer software

Acquired computer software licences 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 10 years.

2. Summary of Material Accounting Policies (Continued)

2.9 Intangible assets (Continued)

(e) Research and development costs

Research and development costs that are directly attributable to the design and testing of identifiable and unique software products, for example, applications, controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use it;
- There is an ability to use the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the research and development and to use the software product are available; and
- The expenditure attributable to the software product during its research and development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.10 Impairment of non-financial assets

Goodwill is 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 flows (CGUs). 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.

2. Summary of Material Accounting Policies (Continued)

2.11 Investments and other financial assets

(a) 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 ("OCI"), 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 OCI. For investments in equity instruments that are not held for trading, 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.

(b) 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.

(c) 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 FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2. Summary of Material Accounting Policies (Continued)

2.11 Investments and other financial assets (Continued)

(c) Measurement (Continued)

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. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: 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. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains – net", together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

Financial assets at FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains – net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains – net" and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.

Financial assets at FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "other gains – net" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "other gains – net" in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2. Summary of Material Accounting Policies (Continued)

2.11 Investments and other financial assets (Continued)

(d) Impairment

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

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 receivables, see Note 3.1.2 for further details.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet 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 asset and settle the liability 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.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14 Trade receivables and other receivables

Trade receivables are amounts due from customers for goods 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 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 the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 20 for further information about the Group's accounting for trade and other receivables and Note 3.1.2 for a description of the Group's impairment policies.

2. Summary of Material Accounting Policies (Continued)

2.15 Cash and cash equivalents and restricted cash

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank deposits which are restricted to use are included in "restricted cash" of the consolidated balance sheet. Restricted cash are excluded from cash and cash equivalents.

2.16 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.

2.17 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). 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.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

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 end of the reporting period.

2.19 Borrowing costs

All borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

2. Summary of Material Accounting Policies (Continued)

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, 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.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its 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

Deferred income tax is provided in full, 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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date 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.

Deferred income tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures including existing taxable temporary differences, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. Summary of Material Accounting Policies (Continued)

2.21 Put option arrangements

The potential cash payments related to put options issued by the Group over the equity of subsidiaries are accounted for as financial liabilities as there is an obligation for the Group to deliver cash or other financial assets in exchange of its own equity shares. The amount that may become payable under the option on exercise is initially recognised at present value of the redemption amount with a corresponding charge directly to equity.

Such options, including the transaction costs, are subsequently accreted through "finance costs" up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

2.22 Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits 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 consolidated balance sheet.

(a) Pension obligations

The Group only operate 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 administered funds managed by the governments.

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

(b) Housing benefits

Full-time PRC employees of the Group are entitled to participate in government-sponsored housing funds. The Group contributes to these funds based on certain percentages of the salaries of these employees on a monthly basis. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the housing funds are expensed as incurred.

2. Summary of Material Accounting Policies (Continued)

2.22 Employee benefits (Continued)

Short-term obligations (Continued)

(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) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(e) Share-based payments

For grant of shares by the Company's one of shareholders to former and existing employees (including directors) of the Group with outstanding contributions to the development of the Company, the amount to be expensed as share-based compensation expenses is determined by reference to the fair value of the shares granted. The fair value of each granted share is determined by the difference between the market price of the Company's share and the grant price of each granted share at the grant date, taking into account all non-vesting conditions. The granted shares are automatically vested on the date of grant. The share-based compensation expenses is recognised in employee benefit expenses, together with a corresponding increase in equity.

2.23 Provisions

Provisions for environmental restoration, restructuring costs, and legal claims 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 has been reliably estimated. Provisions are not recognised for future operating losses.

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 the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2. Summary of Material Accounting Policies (Continued)

2.24 Revenue recognition

The Group are primarily engaged in the provision of property management services, related value-added services and city sanitation and cleaning services. Revenue from providing services is recognised in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group's performance when the Group performs.

For property management services and city sanitation and cleaning services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group entitles to revenue at the value of property management services and city sanitation and cleaning services fee received or receivable. The revenue of the property management services income is primarily generated from properties managed under lump sum basis.

For value-added services related to non-property management (including pre-delivery services, household assistance services, property agency services and other services), the Group agrees the price for each service with the customers upfront and issues the monthly bill to the customers which varies based on the actual level of service completed in that month.

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

Revenue from sales of goods is recognised when the Group has delivered the goods to the purchaser and the collectability of related consideration is reasonably assured.

If contracts involve the sale of multiple services, the transaction price 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 balance sheet 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 when the right is conditional on something other than passage of time.

2. Summary of Material Accounting Policies (Continued)

2.24 Revenue recognition (Continued)

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. The Group applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense immediately if the amortisation period is less than 12 months.

2.25 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and

- 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 earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings 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.

2. Summary of Material Accounting Policies (Continued)

2.26 Leases

Leases are 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.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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 payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable by the Group under residual value guarantees the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and, payments of penalties for terminating the lease, if the lease term reflects the Group 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 cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

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.

2. Summary of Material Accounting Policies (Continued)

2.26 Leases (Continued)

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. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all 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 staff dormitories and small items of office furniture.

2.27 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.28 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 profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.29 Interest income

Interest income from financial assets at FVPL is included in the gains on redemption and disposal of financial assets at FVPL, see Note 10 below. Any other interest income is included in other income, see Note 9 below.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3. Financial Risk Management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and price risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1.1 Market risk

(i) Foreign exchange risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign currency risk arise primarily from its financial assets and liabilities denominated in Hong Kong dollar ("HK$"), US dollar ("US$") and Australia dollar ("AUD$"). These are not the functional currencies of the group entities to which these transactions relate. As the financial assets and liabilities denominated in HK$, US$ and AUD$ are insignificant, the exposure to foreign currency risk is considered minimal.

(ii) Interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its borrowings. Borrowings carried at floating rates expose the Group to cash flow interest-rate risk whereas those carried at fixed rates expose the Group to fair value interest-rate risk.

The Group currently does not use any interest rate swaps to hedge its exposure to interest rate risk. However, the Group will consider hedging significant interest rate exposure should the need arise

As at 31 December 2023 and 2022, management considers that Group's exposure to interest rate is considered immaterial.

3.1.2 Credit risk

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

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

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 operating results 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 debtors in the Group and changes in the operating results of the debtor

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.

(a) Cash deposit at banks (including restricted cash)

The Group expects that there is no significant credit risk associated with cash deposits at banks (including restricted cash) since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. Future cash flows for each group of receivables are estimated on the basis of historical default rates, adjusted to reflect the effects of existing market conditions as well as forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables with known insolvencies are assessed individually for impairment allowances and are written off when there is no reasonable expectation of recovery. Indicators of insolvencies include, amongst others, the failure of a debtor engage in a repayment plan with the Group, and a failure to make contractual payments. Trade receivables without known insolvencies are assessed on a collective basis based on shared credit risk characteristics.

Trade receivables have been assessed for impairment on a collective basis based on different credit risk characteristics. Trade receivables are categorised as follows for assessment purpose:

Group 1: Trade receivables due from third parties arising from resident properties

Group 2: Trade receivables due from third parties arising from non-resident properties

Group 3: Trade receivables due from related parties (excluding Greenland Holdings Group Company Limited ("Greenland Holdings") and its subsidiaries and joint ventures)

Group 4: Trade receivables due from Greenland Holdings and its subsidiaries and joint ventures

For trade receivables of group 1 and 2, the expected loss rates are based on the historical loss rates and adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the most relevant factors for different group of customers (e.g. money supply and population percent change from a year earlier), and accordingly adjusts the historical loss rates based on expected changes in these factors.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade receivables (Continued)

For trade receivables of group 3 and 4, the expected credit loss rate is estimated by considering the probability of default and loss given default and adjusting for forward-looking macroeconomic data.

(i) On that basis, as at 31 December 2023, the loss allowance provision for the trade receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Trade receivables (Group 1)					
Expected loss rate	7.29%	20.78%	36.07%	61.75%	
Gross carrying amount (RMB'000)	788,889	311,131	156,478	217,538	1,474,036
Loss allowance provision (RMB'000)	57,501	64,650	56,438	134,335	312,924

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Trade receivables (Group 2)					
Expected loss rate	2.92%	18.00%	48.33%	89.50%	
Gross carrying amount (RMB'000)	1,961,245	414,622	86,945	46,354	2,509,166
Loss allowance provision (RMB'000)	57,317	74,642	42,021	41,488	215,468

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade receivables (Continued)

(i) (Continued)

Trade receivables (Group 3)	
Expected loss rate	**10.55%**
Gross carrying amount (RMB'000)	**3,387,830**
Loss allowance provision (RMB'000)	**357,557**

Trade receivables (Group 4)	
Expected loss rate	**49.88%**
Gross carrying amount (RMB'000)	**336,493**
Loss allowance provision (RMB'000)	**167,846**

As at 31 December 2022, the loss allowance provision for the trade receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Trade receivables (Group 1)					
Expected loss rate	6.63%	20.63%	36.98%	66.76%	
Gross carrying amount (RMB'000)	934,817	236,440	122,963	149,706	1,443,926
Loss allowance provision (RMB'000)	61,980	48,785	45,477	99,941	256,183

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade receivables (Continued)

(i) (Continued)

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Trade receivables (Group 2)					
Expected loss rate	2.99%	23.63%	34.62%	79.33%	
Gross carrying amount (RMB'000)	1,763,158	219,751	47,340	30,924	2,061,173
Loss allowance provision (RMB'000)	52,701	51,937	16,391	24,532	145,561

Trade receivables (Group 3)	
Expected loss rate	5.47%
Gross carrying amount (RMB'000)	2,869,589
Loss allowance provision (RMB'000)	156,967

Trade receivables (Group 4)	
Expected loss rate	39.20%
Gross carrying amount (RMB'000)	554,653
Loss allowance provision (RMB'000)	217,424

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(c) Other receivables

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

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing ("Stage 1")	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 ("Stage 2")	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime expected losses
Non-performing ("Stage 3")	Interest and/or principal repayments are 60 days past due	Lifetime expected losses

On that basis, as at 31 December 2023 and 2022, the loss allowance provision for the other receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

	Performing	Under-performing	Non-performing	Total
As at 31 December 2023				
Gross carrying amount (RMB'000)	**3,033,390**	**296,709**	**20,000**	**3,350,099**
Expected loss rate	**2.34%**	**59.25%**	**100.00%**	**7.97%**
Loss allowance provision (RMB'000)	**(71,088)**	**(175,800)**	**(20,000)**	**(266,888)**
As at 31 December 2022				
Gross carrying amount (RMB'000)	3,885,368	–	–	3,885,368
Expected loss rate	1.69%	–	–	1.69%
Loss allowance provision (RMB'000)	(65,703)	–	–	(65,703)

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

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

	Trade receivables RMB'000	Other receivables (excluding prepayments) RMB'000	Total RMB'000
At 1 January 2023	**776,135**	**65,703**	**841,838**
Provision for loss allowance	**330,488**	**204,332**	**534,820**
Receivables written off during the year as uncollectible	**(52,828)**	**(3,147)**	**(55,975)**
At 31 December 2023	**1,053,795**	**266,888**	**1,320,683**
At 1 January 2022	329,312	24,024	353,336
Impact of acquisition of subsidiaries	18,940	5,374	24,314
Provision for loss allowance	428,726	36,897	465,623
Receivables written off during the year as uncollectible	(843)	(592)	(1,435)
At 31 December 2022	776,135	65,703	841,838

(e) The Group's maximum exposure to credit risk at the end of reporting period is as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Trade and other receivables (excluding prepayments) (Note 20)	**9,736,941**	9,972,871
Restricted cash	**167,912**	57,791
Cash and cash equivalents (Note 23)	**4,074,865**	3,799,262
Financial assets at FVPL (excluding contingent consideration and Hong Kong listed equity securities) (Note 22)	**1,999,014**	1,041,500
	15,978,732	14,871,424

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Liquidity risk

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including short-term and long-term borrowings and capital injection by the shareholders to meet its daily operation working capital requirements.

The table below set out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2023					
Borrowings	**193,965**	**61,937**	**58,508**	**–**	**314,410**
Trade and other payables*	**5,483,095**	**2,891**	**–**	**–**	**5,485,986**
Lease liabilities	**39,045**	**25,720**	**17,224**	**2,202**	**84,191**
	5,716,105	**90,548**	**75,732**	**2,202**	**5,884,587**
As at 31 December 2022					
Borrowings	95,450	8,355	3,394	–	107,199
Trade and other payables*	4,849,243	6,672	–	–	4,855,915
Financial liabilities for put options	144,333	–	–	–	144,333
Lease liabilities	34,875	12,965	10,714	1,619	60,173
	5,123,901	27,992	14,108	1,619	5,167,620

* Trade and other payables in this analysis do not include the accrued payroll and other tax payables.

3.1.4 Price risk

The Group's exposure to equity securities price risk arises from Hong Kong listed equity securities held by the Group and classified in the consolidated balance sheet as financial assets at FVPL.

As at 31 December 2023 and 2022, management considers that price risk related to financial assets at FVPL was insignificant.

3. Financial Risk Management (Continued)

3.2 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 minimise the cost of capital.

The Group monitors its capital structure by maintaining its gearing ratio at a prudent level. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less total of cash and cash equivalents and restricted cash.

As at 31 December 2023 and 2022, the Group maintained at net cash position.

3.3 Fair value estimation

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Recurring fair value measurements **At 31 December 2023**	Notes	**Level 1** **RMB'000**	**Level 3** **RMB'000**	**Total** **RMB'000**
Financial assets				
Financial assets at FVPL				
Wealth management products	22	–	3,000	3,000
Trusts	22	–	1,996,014	1,996,014
Hong Kong listed equity securities	22	1,098	–	1,098
Contingent consideration	22	–	3,238	3,238
		1,098	2,002,252	2,003,350
Financial assets at FVOCI				
Unlisted equity securities	19	–	12,593	12,593
Total financial assets		1,098	2,014,845	2,015,943

3. Financial Risk Management (Continued)

3.3 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

Recurring fair value measurements

At 31 December 2022	Notes	Level 1 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at FVPL				
Wealth management products	22	–	1,500	1,500
Trusts	22	–	1,040,000	1,040,000
Hong Kong listed equity securities	22	2,014	–	2,014
Contingent consideration	22	–	3,238	3,238
		2,014	1,044,738	1,046,752
Financial assets at FVOCI				
Unlisted equity securities	19	–	12,593	12,593
Total financial assets		2,014	1,057,331	1,059,345

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses estimated discounted cash flows to make assumptions.

The different levels have been defined as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for wealth management products, trusts, contingent consideration and put option liability.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year. For transfers into and out of level 3 measurements see (b) below.

3. Financial Risk Management (Continued)

3.3 Fair value estimation (Continued)

(b) The Group's financial assets at fair values included wealth management products, trusts, structural deposits, contingent consideration and unlisted equity securities, fair value of which are estimated based on unobservable inputs (level 3). The following table presents the changes in level 3 instruments for the years ended 31 December 2023 and 31 December 2022:

	Financial assets at FVPL					
	Wealth management products RMB'000	Trusts RMB'000	Contingent consideration RMB'000	Financial assets at FVOCI Unlisted entity securities RMB'000	Financial liabilities for put options RMB'000	Total RMB'000
Opening balance as at 1 January 2023	1,500	1,040,000	3,238	12,593	(144,333)	912,998
Additions	1,190,750	935,000	–	–	–	2,125,750
Gains recognised in profit or loss	15,463	21,014	–	–	14,976	51,453
Finance costs (Note 11)	–	–	–	–	(312)	(312)
Disposals	(1,204,713)	–	–	–	–	(1,204,713)
Transfer to other payables upon exercise	–	–	–	–	129,669	129,669
Closing balance as at 31 December 2023	**3,000**	**1,996,014**	**3,238**	**12,593**	**–**	**2,014,845**
Including unrealised gains/(losses) recognised in profit attributable to balances held at 31 December 2023	**–**	**21,014**	**–**	**–**	**(312)**	**20,702**

3. Financial Risk Management (Continued)

3.3 Fair value estimation (Continued)

(b) (Continued)

	Financial assets at FVPL						
	Wealth management products RMB'000	Trusts RMB'000	Structural deposits RMB'000	Contingent consideration RMB'000	Financial assets at FVOCI Unlisted entity securities RMB'000	Financial liabilities for put options RMB'000	Total RMB'000
Opening balance as at 1 January 2022	511,537	–	10,000	3,249	23,868	(107,358)	441,296
Additions	454,730	2,652,000	–	–	–	–	3,106,730
Gains recognised in profit or loss	6,926	218,935	–	(11)	–	(31,086)	194,764
Losses recognised in other comprehensive income	–	–	–	–	(11,275)	–	(11,275)
Finance costs (Note 11)	–	–	–	–	–	(5,889)	(5,889)
Disposals	(971,693)	(1,830,935)	(10,000)	–	–	–	(2,812,628)
Closing balance as at 31 December 2022	1,500	1,040,000	–	3,238	12,593	(144,333)	912,998
Including unrealised losses recognised in profit attributable to balances held at 31 December 2022	–	–	–	(11)	(11,275)	(36,975)	(48,261)

3. Financial Risk Management (Continued)

3.3 Fair value estimation (Continued)

(c) Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follows:

Description	Fair value at 31 December 2023 RMB'000	Valuation techniques	Unobservable input	Range (probability-weighted average)	Relationship of unobservable inputs to fair value
Wealth management products	3,000	Discounted cash flow	Expected interest rate per annum	1.7%	A change in expected interest rate per annum +/− 10% results in a change in fair value by RMB5,000
Trusts	1,996,014	Income approach	Expected interest rate per annum	6.2%	A change in expected interest rate per annum +/− 10% results in a change in fair value by RMB4,702,000
Contingent consideration	3,238	Discounted cash flow	Expected net profit	RMB414,960,000	A change in expected net profit +/− 10% results in a decrease in fair value by RMB2,914,000
Unlisted equity securities	12,593	Guideline public companies method	Expected net profit	RMB4,518,000	A change in expected net profit +/− 10% results in a change in fair value by RMB1,493,000

3. Financial Risk Management (Continued)

3.3 Fair value estimation (Continued)

(c) (Continued)

Description	Fair value at 31 December 2022 RMB'000	Valuation techniques	Unobservable input	Range (probability-weighted average)	Relationship of unobservable inputs to fair value
Wealth management products	1,500	Discounted cash flow	Expected interest rate per annum	2.7%	A change in expected interest rate per annum +/− 10% results in a change in fair value by RMB4,000
Trusts	1,040,000	Income approach	Expected interest rate per annum	7.2%	A change in expected interest rate per annum +/− 10% results in a change in fair value by RMB670,000
Contingent consideration	3,238	Discounted cash flow	Expected net profit	RMB42,726,000-414,960,000	A change in expected net profit +/− 10% results in a decrease in fair value by RMB2,914,000
Unlisted equity securities	12,593	Guideline public companies method	Expected net profit	RMB11,486,000	A change in expected net profit +/− 10% results in a change in fair value by RMB1,544,000
Financial liabilities for put options	144,333	Discounted cash flow	Expected discount rate	16.1%-16.3%	A change in expected discount rate +/− 10% results in a decrease in fair value by RMB-28,000/an increase in fair value by RMB29,000

4. 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 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 circumstances.

(a) Estimated impairment of goodwill

The Group tests whether goodwill has suffered any impairment annually, or more frequently if events or changes in circumstances predict that goodwill may be impaired, in accordance with the accounting policy stated in Note 2.10, where the recoverable amounts of the CGUs is determined based on value-in-use ("VIU") calculations. These calculations require the use of estimates. Details of impairment assessment, key assumptions and impact of possible changes in key assumptions are disclosed in Note 17.

(b) Estimation of the useful life of customer relationship identified in business combination

Customer relationship and backlog identified in the business combination on respective acquisition date are recognised as intangible assets (Note 17). Customer relationship and backlog primarily related to the existing property management and city sanitation and cleaning contracts of acquirees on the acquisition date. A large portion of the existing property management contracts of acquirees are with no specific expiration date. Based on past experience, termination or non-renewal of these property management contracts with the property developers or property owners' association are uncommon. Other contracts are with remaining contract periods of one month to seventeen years. The Group thus estimates the useful life and determines the amortisation period of the customer relationship and backlog to be five to ten years based on the weighted average expected contract duration of the contracts.

However, the actual useful life may be shorter or longer than estimate, depending on acquirees' ability to secure its contracts and relationships with property developers or renew the contracts with property owners' associations in the future. Where the actual contract duration is different from the original estimate, such difference will impact the carrying amount of the intangible asset of customer relationship and the amortisation expenses in the periods in which such estimate has been changed.

(c) 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 judgement 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 loss allowance provision in the periods in which such estimate has been changed. For details of key assumptions and inputs used, please refer to Note 3.1.2 above.

4. Critical Accounting Estimates and Judgements (Continued)

(d) Current and deferred income tax

The Group is subject to corporate income taxes 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.

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.

(e) Fair value measurement of financial instruments

Financial asset at FVPL and financial assets at FVOCI amounting to RMB2,002,252,000 (2022: RMB1,044,738,000) and RMB12,593,000 (2022: RMB12,593,000) respectively as at 31 December 2023 is measured at fair value with fair value being determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. Further disclosures regarding the fair value measurement of these financial assets are set out in Note 3.3 above.

(f) Fair value of investment properties

Investment properties are carried at fair value in the consolidated statement of balance sheet and the changes in the fair value recognised in the profit or loss. It obtains independent valuations at least annually. In making the judgement, consideration is given to assumptions that are mainly based on market conditions existing at the reporting date, expected rental from future leases in the light of current market conditions and appropriate capitalisation rates. Changes in subjective input assumptions can materially affect the fair value estimate. The key assumptions used in the valuation in determining fair value for the Group's portfolio of properties are set out in Note 16 to the consolidated financial statements.

5. 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 was principally engaged in the provision of (i) property management services, (ii) related value-added services, including pre-delivery services, household assistance services, property agency services and other services, and (iii) city sanitation and cleaning services in the PRC.

5. Segment Information (Continued)

All the acquired subsidiaries were principally engaged in the provision of property management services, related value-added services and city sanitation and cleaning services. After acquisition, management reviews the operating results of the business of the acquired subsidiaries and the original business to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there are several operating segments, which are used to make strategic decisions.

For the year ended 31 December 2023, all the operating segments are domiciled in the PRC and all the revenue are derived in the PRC. As at 31 December 2023, the Group's assets are substantially located inside the PRC. Therefore, no geographical segments are presented.

6. Revenue

Revenue mainly comprises proceeds from property management services, related value-added services and city sanitation and cleaning services. An analysis of the Group's revenue by category for the years ended 31 December 2023 and 2022 is as follows:

	Timing of revenue recognition	**Year ended 31 December**	
		2023	2022
		RMB'000	RMB'000
Property management services	over time	**10,806,749**	10,029,210
Value-added services related to property management			
– Other value-added services	over time	**2,615,206**	3,667,730
– Sales of goods	at a point in time	**634,067**	366,920
City sanitation and cleaning services	over time	**1,387,427**	1,314,716
		15,443,449	15,378,576

(a) Contract liabilities

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

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Contract liabilities		
– Property management services	**1,488,936**	1,179,466
– Value-added services related to property management	**162,535**	180,538
	1,651,471	1,360,004
Less: non-current portion of contract liabilities	**(83,631)**	(19,727)
Current portion of contract liabilities	**1,567,840**	1,340,277

(i) The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property management services.

6. 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.

Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Property management services	**1,159,739**	977,644
Value-added services related to property management	**180,538**	203,347
	1,340,277	1,180,991

(iii) Unsatisfied performance obligations

For property management services, part of value-added services and city sanitation and cleaning services, 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. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts.

For other value-added services related to property management, 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 type of contracts.

7. Expenses by Nature

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Auditor's remunerations		
– Audit services	**5,550**	3,780
– Non-audit services	**30**	1,200
Advertising expenses	**55,494**	39,866
Catering outsourcing fee	**26,808**	29,339
Cleaning expenses	**1,615,247**	1,660,176
Cost of consumables	**459,137**	446,462
Cost of goods sold	**620,100**	489,246
Consulting fees	**77,684**	88,391
Depreciation and amortisation charges	**392,182**	351,221
Employee benefit expenses (Note 8)	**6,183,903**	5,917,488
Greening and gardening expenses	**265,485**	297,724
IT system maintenance expenses	**43,030**	27,374
Maintenance costs	**727,849**	650,186
Office expenses	**90,826**	111,153
Rental expenses paid relating to short-term and low-value leases (Note 15(b))	**127,814**	97,593
Security charges	**1,653,647**	1,517,704
Utilities	**635,871**	524,934
Taxes and other levies	**73,595**	67,941
Travelling and entertainment expenses	**165,192**	124,307
Transportation expenses and customer service charges	**64,391**	72,059
Others	**456,581**	421,566
	13,740,416	12,939,710

8. Employee Benefit Expenses

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Wages and salaries and bonus	**5,201,749**	4,987,050
Share-based payments (Note (a))	**10,560**	39,990
Contribution to pension scheme (Note (b))	**525,335**	429,420
Housing benefits	**105,539**	110,067
Other employee benefits (Note (c))	**340,720**	350,961
Total (including emoluments of directors and supervisors)	**6,183,903**	5,917,488

8. Employee Benefit Expenses (Continued)

(a) On 21 July 2023, the Company received a notice from Gongqingcheng A-Living Investment Management Limited Partnership（共青城雅生活投資管理合夥企業（有限合夥））("Gongqingcheng Investment", one of the Company's shareholders) entered into share transfer agreements with 27 former and exiting senior management of the Group with outstanding contributions to the development of the Company (collectively, the "Purchasers"), pursuant to which Gongqingcheng Investment agreed to sell, and the Purchasers agreed to purchase, an aggregate of 3,100,470 overseas listed shares of the Company ("H Shares") at HK$0.33 transfer price per H Share.

During the year ended 31 December 2023, share-based payment in relation to the senior management and employees of the Group was RMB10,560,000 (2022: RMB39,990,000).

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

The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

(c) Other employee benefits mainly include other insurance expenses, meal, travelling and festival allowances.

(d) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2023 include one director (2022: one director) and the directors' emoluments are reflected in the analysis shown in Note 38. The emoluments paid/payable to the remaining four individuals during the year ended 31 December 2023 (2022: four individuals) were as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Basic salaries, housing allowances, other allowances and benefits in kind	**4,355**	6,533
Share-based payments	**2,623**	5,422
Discretionary bonus	**–**	338
Contribution to pension scheme	**105**	121
	7,083	12,414

8. Employee Benefit Expenses (Continued)

	Number of individuals Year ended 31 December	
	2023	2022
Emolument bands (in HK$)		
HK$1,000,001 – HK$1,500,000	**–**	1
HK$1,500,001 – HK$2,000,000	**2**	–
HK$2,000,001 – HK$2,500,000	**2**	1
HK$2,500,001 – HK$3,000,000	**–**	–
HK$3,000,001 – HK$3,500,000	**–**	1
HK$7,500,001 – HK$8,000,000	**–**	1

9. Other Income

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Interest income:		
– from deposits and loans to third parties	**110,061**	98,443
– from loans to related parties (Note 36(e))	**766**	2,222
Tax incentives (Note (b))	**20,246**	44,480
Government grants (Note (a))	**58,414**	84,861
Rental income (Note 16)	**889**	1,015
Miscellaneous	**618**	1,225
	190,994	232,246

(a) Government grants consisted mainly of financial subsidies granted by the local governments. There are no unfulfilled conditions or other conditions attached to the government grant recognised during the year ended 31 December 2023 and 2022.

(b) Tax incentives mainly included additional deduction of input value-added tax applicable to the Company and its certain subsidiaries.

10. Other Gains – Net

	Year ended 31 December 2023 RMB'000	2022 RMB'000
Gains from disposal of investments accounted for using the equity method	**–**	403
Net fair value gains on financial assets at FVPL (Note 22(a))	**20,098**	–
Gains on redemption and disposal on financial assets at FVPL (Note 22(a))	**15,463**	222,358
Gains from bargain purchase on acquisition of a subsidiary (Note 32)	**186**	–
Gains/(Losses) from disposal of subsidiaries (Note 35)	**16,655**	(1,301)
Fair value gains/(losses) on put options (Note 29)	**14,976**	(31,086)
Fair value (losses)/gains on investment properties (Note 16)	**(10,100)**	23,271
Net foreign exchange gains/(losses)	**5,385**	(4,997)
Gains/(Losses) on disposal of PPE and investment properties	**26,183**	(3,277)
Miscellaneous	**3,572**	3,263
	92,418	208,634

11. Finance Costs

	Year ended 31 December 2023 RMB'000	2022 RMB'000
Unwinding of discount on financial liabilities for put options (Note 29)	**312**	5,889
Interest expense of borrowings	**13,367**	3,284
Interest and finance charges paid/payable for lease liabilities (Note 15(b))	**5,753**	6,974
Interest expense of long-term payables	**696**	2,418
	20,128	18,565

12. Subsidiaries and Investments Accounted for Using the Equity Method

(a) Particulars of the principal subsidiaries of the Group at 31 December 2023 are set out below:

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2023	2022	**2023**	2022
Directly held by the Company							
Guangzhou Agile Property Management Services Co., Ltd.* 廣州雅居樂物業管理服務有限公司	The PRC, Limited liability company	RMB1,000,000	Property management services in Mainland of the PRC	**100%**	100%	**0%**	0%
Guangzhou Yaxin Engineering Consultancy Co., Ltd.* 廣州市雅信工程諮詢有限公司	The PRC, Limited liability company	RMB1,000,000	House inspection services in Mainland of the PRC	**100%**	100%	**0%**	0%
Nanjing Zizhu Property Management Services Co., Ltd.* 南京紫竹物業管理股份有限公司	The PRC, Limited liability company	RMB11,764,705	Property management services in Mainland of the PRC	**51%**	51%	**49%**	49%
Harbin Jingyang Property Management Co., Ltd.* ("Harbin Jingyang") 哈爾濱景陽物業管理有限公司	The PRC, Limited liability company	RMB5,000,000	Property management services in Mainland of the PRC	**99%**	66%	**1%**	34%
Qingdao Huaren Property Co., Ltd* ("Qingdao Huaren") 青島華仁物業股份有限公司	The PRC, Limited liability company	RMB46,875,000	Property management services in Mainland of the PRC	**100%**	90%	**0%**	10%
Kaiping Agile Enterprise Management Services Co., Ltd.* 開平雅居樂雅生活物業管理有限公司	The PRC, Limited liability company	RMB500,000	Property management services in Mainland of the PRC	**100%**	100%	**0%**	0%
Foshan Nanhai Agile Property Management Services Co., Ltd.* 佛山市南海區雅居樂物業管理服務有限公司	The PRC, Limited liability company	RMB5,000,000	Property management services in Mainland of the PRC	**100%**	100%	**0%**	0%
Guangzhou Huadu Agile Property Management Services Co., Ltd.* 廣州市花都雅居樂物業管理服務有限公司	The PRC, Limited liability company	RMB3,000,000	Property management services in Mainland of the PRC	**100%**	100%	**0%**	0%
A-Living Smart Property Services Co., Ltd.* (formerly known as: Hainan Agile Property Services Co., Ltd.*) 雅生活智慧物業服務有限公司（前稱：海南雅居樂物業服務有限公司）	The PRC, Limited liability company	RMB3,000,000	Property management services in Mainland of the PRC	**100%**	100%	**0%**	0%
Harrogate Property Services (Shanghai) Co., Ltd.* 雅萊格物業服務（上海）有限公司	The PRC, Limited liability company	RMB5,000,000	Property management services in Mainland of the PRC	**100%**	100%	**0%**	0%
Guangzhou Harrogate Property Management Services Co., Ltd.* 廣州雅萊格物業管理服務有限公司	The PRC, Limited liability company	RMB1,000,000	Property management services in Mainland of the PRC	**100%**	100%	**0%**	0%

12. Subsidiaries and Investments Accounted for Using the Equity Method (Continued)

(a) Particulars of the principal subsidiaries of the Group at 31 December 2023 are set out below: (Continued)

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest held by the Group 2023	Ownership interest held by the Group 2022	Ownership interest held by non-controlling interests 2023	Ownership interest held by non-controlling interests 2022
Directly held by the Company (Continued)							
Guangzhou Yatian Network Technology Co., Ltd.* ("Guangzhou Yatian") 廣州市雅天網路科技有限公司	The PRC, Limited liability company	RMB10,000,000	Software engineering services in Mainland of the PRC	**100%**	100%	**0%**	0%
Guangzhou Yafang Travel Co., Ltd.* 廣州市雅方旅遊有限公司	The PRC, Limited liability company	RMB1,000,000	Travel agency services in Mainland of the PRC	**100%**	100%	**0%**	0%
Guangzhou Yatao Advertisement Co., Ltd.* 廣州市雅韜廣告有限公司	The PRC, Limited liability company	RMB1,000,000	Advertising services in Mainland of the PRC	**100%**	100%	**0%**	0%
A-TRO Properties Consultancy Co, Ltd.* 雅卓房地產顧問有限公司	The PRC, Limited liability company	RMB1,000,000	Real estate marketing services in Mainland of the PRC	**100%**	100%	**0%**	0%
Greenland Property Services Co., Ltd.* ("Greenland Property Services") 上海綠地物業服務有限公司	The PRC, Limited liability company	RMB50,000,000	Property management services in Mainland of the PRC	**100%**	100%	**0%**	0%
Shandong A-Living Changbo Property Services Co., Ltd.* 山東雅生活暢博物業服務有限公司	The PRC, Limited liability company	RMB1,451,500	Property management services in Mainland of the PRC	**60%**	60%	**40%**	40%
Shenzhen Jingji Domestic Property Management Co., Ltd.* 深圳市京基住宅物業管理有限公司	The PRC, Limited liability company	RMB500,000	Property management services in Mainland of the PRC	**100%**	100%	**0%**	0%
Zhanjiang Xiyue Jingjicheng Property Services Co., Ltd* 湛江市西粵京基城物業服務有限公司	The PRC, Limited liability company	RMB3,000,000	Property management services in Mainland of the PRC	**100%**	100%	**0%**	0%
Indirectly held by the Company							
A-Living Holdings (Hong Kong) Limited 雅生活控股（香港）有限公司	Hong Kong, Limited liability company	HK$62,115,600	General trading, business consulting services, electronic commerce and investment in Hong Kong	**100%**	100%	**0%**	0%
Guangzhou Yatong Intelligent Technology Co., Ltd.* 廣州市雅通智能科技有限公司	The PRC, Limited liability company	RMB1,000,000	Information technology consulting service in Mainland of the PRC	**51%**	51%	**49%**	49%
Heilongjiang Yatian Network Technology Co., Ltd.* 黑龍江雅天網路科技有限公司	The PRC, Limited liability company	RMB6,400,000	Software engineering services in Mainland of the PRC	**100%**	80%	**0%**	20%
Nantong Yazhuo Real Estate Marketing Co., Ltd.* 南通雅卓房地產行銷有限公司	The PRC, Limited liability company	RMB1,000,000	Real estate marketing services in Mainland of the PRC	**100%**	100%	**0%**	0%
HK A-TRO Property Marking Co., Ltd. 香港雅卓房地產營銷有限公司	Hong Kong, Limited liability company	HK$1,000,000	Real estate marketing services in Hong Kong	**100%**	100%	**0%**	0%

12. Subsidiaries and Investments Accounted for Using the Equity Method (Continued)

(a) Particulars of the principal subsidiaries of the Group at 31 December 2023 are set out below: (Continued)

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2023	2022	**2023**	2022
Indirectly held by the Company (Continued)							
Guangzhou Yuehua Property Co., Ltd.* 廣州粵華物業有限公司	The PRC, Limited liability company	RMB10,300,000	Property management services in Mainland of the PRC	**83%**	83%	**17%**	17%
Chongqing Haitai Management Services Company Limited* (Note (i)) 重慶海泰管理服務有限公司	The PRC, Limited liability company	RMB20,000,000	Management services in Mainland of the PRC	**31%**	31%	**69%**	69%
Xi'an Jintian Property Management Services Company Limited* (Note (i)) 西安錦天物業管理服務有限公司	The PRC, Limited liability company	RMB20,000,000	Property management services in Mainland of the PRC	**31%**	31%	**69%**	69%
Shanghai Minghua Smart City Operation Management Company Limited* 上海明華智慧城市運營管理有限公司	The PRC, Limited liability company	RMB70,000,000	Property management services in Mainland of the PRC	**59.4%**	54%	**40.6%**	46%
Changzhou Zhongfang Property Company Limited* (Note (i)) 常州中房物業有限公司	The PRC, Limited liability company	RMB10,800,000	Property management services in Mainland of the PRC	**42%**	42%	**58%**	58%
Shanghai Ruixiang Shangfang Property Management Company Limited* (Note (i)) 上海鋭翔上房物業管理有限公司	The PRC, Limited liability company	RMB12,000,000	Property management services in Mainland of the PRC	**60%**	40%	**40%**	60%
A-Living Futurelife Property Management Limited* 雅生活未來物業管理服務有限公司	The PRC, Limited liability company	RMB1,400,000,000	Property management services in Mainland of the PRC	**60%**	60%	**40%**	40%
Longcheng City Service Company Limited* (Note (i)) 龍城城市運營服務集團有限公司	The PRC, Limited liability company	RMB73,840,000	Property management services in Mainland of the PRC	**38%**	38%	**62%**	62%
Shanghai Kerui Real Estate Management Development Co., Ltd.* (Note (i)) 上海科瑞物業管理發展有限公司	The PRC, Limited liability company	RMB20,000,000	Property management services in Mainland of the PRC	**31%**	31%	**69%**	69%
Beijing Huifeng Qingxuan Environmental Technology Group Company Limited* 北京慧豐清軒環境科技集團有限公司	The PRC, Limited liability company	RMB80,000,000	Sanitation services in Mainland of the PRC	**51%**	51%	**49%**	49%
Shaanxi Mingtang Sanitation Company Limited* 陝西明堂環衛有限公司	The PRC, Limited liability company	RMB30,000,000	Sanitation services in Mainland of the PRC	**60%**	60%	**40%**	40%
A-living Mingri Environmental Development Co., Ltd.* 雅生活明日環境發展有限公司	The PRC, Limited liability company	RMB99,900,000	Sanitation services in Mainland of the PRC	**51%**	51%	**49%**	49%

12. Subsidiaries and Investments Accounted for Using the Equity Method (Continued)

(a) Particulars of the principal subsidiaries of the Group at 31 December 2023 are set out below: (Continued)

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest held by the Group 2023	Ownership interest held by the Group 2022	Ownership interest held by non-controlling interests 2023	Ownership interest held by non-controlling interests 2022
Indirectly held by the Company (Continued)							
Tiantongyuan Community Management Services Group Limited 天通苑社區服務集團有限公司	Cayman Islands, Limited liability company	HK$10	Investment holding	**100%**	100%	**0%**	0%
Shandong Hongtai Property Development Company Limited* 山東宏泰物業發展有限公司	The PRC, Limited liability company	RMB74,000,000	Property management services in Mainland of the PRC	**86%**	86%	**14%**	14%
Guangzhou Weixiang Internet Technology Company Limited* (Note (ii)) 廣州為想互聯網科技有限公司	The PRC, Limited liability company	RMB10,184,614	Household services in Mainland of the PRC	**39%**	39%	**61%**	61%
Dalian Yimei Enterprise Management Service Company Limited* 大連意美企業管理服務有限公司	The PRC, Limited liability company	RMB11,784,652	Sanitation services in Mainland of the PRC	**56%**	56%	**44%**	44%

(i) The Group indirectly holds the equity interest in these companies through layers of holding structures and the Group has control over the board of directors of these companies who can make majority votes to decide the key financial and operating decisions of these companies. The proportion of equity interests as disclosed above represent the effective equity interests attributable to the Group.

(ii) The Group does not hold over 50% ownership in equity of this entity or its subsidiaries. Nevertheless, under an agreement entered into with the certain equity owners of this entity, the Group controls this entity by way of controlling the voting rights, governing their financial and operating policies, appointing or removing the majority of the members of their controlling authorities, and casting the majority of votes at meetings of such authorities. In addition, such agreement also transfer the risks and rewards of this entity to the Group. As a result, they are presented as controlled entities of the Group.

* The English name of the subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

12. Subsidiaries and Investments Accounted for Using the Equity Method (Continued)

(b) Investments accounted for using the equity method

In the opinion of the directors, there is no associate and joint venture individually material to the Group.

The following table illustrates the aggregate summarized financial information of the Group's associates that are not individually material:

	2023 RMB'000	2022 RMB'000
Share of post-tax profits of joint ventures and associates	44,937	56,393
Aggregate carrying amounts of the Group's investments accounted for using the equity method	1,202,285	1,169,571

The carrying amount of equity-accounted investments has changed as follows in the years ended 31 December 2023 and 2022:

	2023 RMB'000	2022 RMB'000
At beginning of the year	1,169,571	1,111,141
Additions	2,701	4,847
Share of post-tax profits of joint ventures and associates	44,937	56,393
Dividends declared	(17,423)	–
Transfer from subsidiaries (Note 35)	300	–
Disposals	–	(3,147)
Others	2,199	337
At the end of the year	1,202,285	1,169,571

(c) Subsidiary with material non-controlling interests

Nature of investment in the subsidiary with material non-controlling interests

Name of entity	Place of business/ country of incorporation	% of ownership interest
A-Living Futurelife PM 雅生活未來物業管理服務有限公司	The PRC	60%

12. Subsidiaries and Investments Accounted for Using the Equity Method (Continued)

(c) Subsidiary with material non-controlling interests (Continued)

(i) Summarised balance sheet

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Current assets	**2,557,069**	2,541,434
Current liabilities	**(1,689,883)**	(1,626,876)
Current net assets	**867,186**	914,558
Non-current assets	**1,271,592**	1,302,551
Non-current liabilities	**(131,050)**	(137,055)
Non-current net assets	**1,140,542**	1,165,496
Net assets	**2,007,728**	2,080,054
Accumulated NCI	**1,053,469**	1,100,777

(ii) Summarised statement of comprehensive income

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue	**4,305,965**	4,186,886
Profit for the year	**241,924**	228,195
Other comprehensive loss	**–**	(8,357)
Total comprehensive income	**241,924**	219,838
Profit allocated to NCI	**122,073**	128,029
Dividends declared to NCI	**(79,749)**	(96,847)

(iii) Summarised cash flows

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Cash flows from operating activities	**281,415**	98,847
Cash flows used in investing activities	**(32,278)**	(73,600)
Cash flows used in financing activities	**(296,071)**	(159,479)
Net decrease in cash and cash equivalents	**(46,934)**	(134,232)

13. Income Tax Expenses

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Current income tax:		
– PRC corporate income tax	**491,616**	715,759
Deferred income tax (Note 28):	**(141,805)**	(198,740)
Income tax expense	**349,811**	517,019

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

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Profit before income tax	**1,048,544**	2,451,951
Tax charge at effective rate applicable to profits in the respective group entities	**228,845**	500,460
Tax effects of:		
– Expenses not deductible for tax purposes	**104,582**	27,474
– Reversal of deferred tax assets recognised for tax losses in prior years	**23,035**	833
– Tax rate change on deferred tax	**(15,368)**	–
– Associates' and joint ventures' results reported net of tax	**(10,812)**	(32,951)
– Tax losses for which no deferred income tax asset was recognised	**21,206**	22,178
– Utilisation of tax losses previously not recognised	**(1,677)**	–
– Additional tax deduction for research and development costs	**–**	(975)
Income tax charged for the year	**349,811**	517,019

PRC corporate income tax

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated taxable profits for the year, based on the existing legislation, interpretations and practices in respect thereof. The corporate income tax rate applicable to the group entities located in Mainland China is 25% (2022: 25%) according to the Corporate Income Tax Law of the PRC.

According to the Corporate Income Tax Law of the PRC, corporations which obtain the Certificate of High and New Technology Enterprise are entitled to enjoy additional tax deduction for research and development costs and a preferential tax rate of 15%.

13. Income Tax Expenses (Continued)

PRC corporate income tax (Continued)

In April 2021, the Company obtained the Certificate of High and New Technology Enterprise and enjoy the preferential income tax rate of 15% with three-year valid period from 2020 to 2022. The Company did not renew the certificate and the tax rate applicable to the Company during the year ended 31 December 2023 was 25% (2022:15%).

In 2020, Guangzhou Yatian obtained the Certificate of High and New Technology Enterprise with valid period from 2020 to 2022. In 2023, Guangzhou Yatian renewed the certificate and continues to enjoy the preferential income tax rate with three-year valid. The tax rate applicable to Guangzhou Yatian during the year ended 31 December 2023 was 15% (2022: 15%).

Certain subsidiaries of the Group have enjoyed a preferential policy in Zhuhai Hengqin (Free Trade Area) with an enterprise income rate of 15% during the years ended 31 December 2023 and 2022.

Certain subsidiaries 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.

Certain subsidiaries of the Group in the PRC are located in Hainan Free Trade Port and subject to a preferential income tax rate of 15% during the years ended 31 December 2023 and 2022.

Certain subsidiaries of the Group enjoy the preferential income tax treatment for Small and Micro Enterprise with the income tax rate of 20% and are eligible to have their tax calculated based on 25% or 50% of their taxable income.

Hong Kong income tax

No provision for Hong Kong profits tax has been made for the years ended 31 December 2023 and 2022 as the Group did not generate any assessable profits arising in Hong Kong during the years.

14. Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue 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. Diluted earnings per share was equal to basic earnings per share.

	Year ended 31 December	
	2023	2022
Profit attributable to shareholders of the Company (RMB'000)	**460,875**	1,839,601
Weighted average number of ordinary shares in issue (in thousands)	**1,420,001**	1,420,001
Basic earnings per share for profit attributable to the shareholders of the Company during the year (expressed in RMB per share)	**0.32**	1.30

15. Property, Plant and Equipment and Right-of-Use Assets

(a) Movements

	Buildings RMB'000	Transportation equipment RMB'000	Office equipment RMB'000	Machinery RMB'000	Subtotal RMB'000	Right-of-use assets RMB'000	Total RMB'000
As at 1 January 2023							
Cost	165,578	180,700	59,875	413,847	820,000	147,666	967,666
Accumulated depreciation and amortisation	(34,165)	(48,990)	(28,813)	(105,489)	(217,457)	(95,950)	(313,407)
Net book amount	131,413	131,710	31,062	308,358	602,543	51,716	654,259
Year ended 31 December 2023							
Opening net book amount	131,413	131,710	31,062	308,358	602,543	51,716	654,259
Additions	4,576	36,965	8,498	164,643	214,682	79,279	293,961
Other disposals	(24,221)	(1,528)	(5,300)	(59)	(31,108)	(12,403)	(43,511)
Acquisition of a subsidiary	–	177	–	–	177	–	177
Disposal of subsidiaries	–	(358)	(57)	(7)	(422)	–	(422)
Depreciation and amortisation charge	(8,677)	(46,342)	(10,277)	(87,776)	(153,072)	(36,081)	(189,153)
Closing net book amount	103,091	120,624	23,926	385,159	632,800	82,511	715,311
As at 31 December 2023							
Cost	135,721	199,663	45,032	560,770	941,186	144,040	1,085,226
Accumulated depreciation and amortisation	(32,630)	(79,039)	(21,106)	(175,611)	(308,386)	(61,529)	(369,915)
Net book amount	103,091	120,624	23,926	385,159	632,800	82,511	715,311
As at 1 January 2022							
Cost	163,887	121,582	42,353	303,724	631,546	157,479	789,025
Accumulated depreciation and amortisation	(30,645)	(26,937)	(17,603)	(49,530)	(124,715)	(83,611)	(208,326)
Net book amount	133,242	94,645	24,750	254,194	506,831	73,868	580,699
Year ended 31 December 2022							
Opening net book amount	133,242	94,645	24,750	254,194	506,831	73,868	580,699
Additions	31,547	59,133	17,111	129,400	237,191	29,399	266,590
Acquisition of subsidiaries	–	2,153	729	518	3,400	–	3,400
Other disposals	(29,856)	(2,168)	(318)	(19,795)	(52,137)	(6,129)	(58,266)
Depreciation and amortisation charge	(3,520)	(22,053)	(11,210)	(55,959)	(92,742)	(45,422)	(138,164)
Closing net book amount	131,413	131,710	31,062	308,358	602,543	51,716	654,259
As at 31 December 2022							
Cost	165,578	180,700	59,875	413,847	820,000	147,666	967,666
Accumulated depreciation and amortisation	(34,165)	(48,990)	(28,813)	(105,489)	(217,457)	(95,950)	(313,407)
Net book amount	131,413	131,710	31,062	308,358	602,543	51,716	654,259

15. Property, Plant and Equipment and Right-of-Use Assets (Continued)

(a) Movements (Continued)

Depreciation and amortisation expenses were charged to the following categories in the consolidated income statement:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Cost of sales	**135,052**	101,051
Selling and marketing expenses	**1,412**	991
Administrative expenses	**52,689**	36,122
	189,153	138,164

As at 31 December 2023, certain self-used PPE with net book value of RMB89,455,000 (2022: RMB90,706,000) were pledged as collateral for the Group's borrowings (Note 26).

(b) Leases

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Right-of-use assets		
Buildings	**55,675**	43,141
Equipment	**26,836**	8,575
	82,511	51,716
Lease liabilities		
Current	**35,715**	26,892
Non-current	**42,069**	25,298
	77,784	52,190

15. Property, Plant and Equipment and Right-of-Use Assets (Continued)

(b) Leases (Continued)

(ii) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	Notes	Year ended 31 December 2023 RMB'000	2022 RMB'000
Depreciation charge of right-of-use assets			
– Buildings		**(26,701)**	(30,541)
– Equipment		**(9,380)**	(14,881)
		(36,081)	(45,422)
Interest expense (included in finance costs)	11	**(5,753)**	(6,974)
Rental expenses relating to short-term and low-value leases (included in cost of sales and administrative expenses)	7	**(127,814)**	(97,593)

Total cash outflow for lease in year ended 31 December 2023 was RMB174,849,000 (2022: RMB153,405,000).

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices and staff dormitories. Rental contracts are typically made for fixed periods of three months to 15 years (2022: three months to 15 years).

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes.

16. Investment Properties

	Commercial properties RMB'000
As at 1 January 2022	88,916
Addition	148,011
Revaluation gains recognised in the profit or loss (Note 10)	23,271
Disposals	(7,402)
As at 31 December 2022 and 1 January 2023	**252,796**
Addition	**26,459**
Revaluation losses recognised in the profit or loss (Note 10)	**(10,100)**
Disposals	**(6,160)**
As at 31 December 2023	**262,995**

(a) Amounts recognised in the consolidated income statement for investment properties:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Other income (Note 9)	**889**	1,015

(b) As at 31 December 2023, certain investment properties with market value of RMB15,965,000 were pledged as collateral for the Group's borrowings (2022: Nil) (Note 26).

(c) As at 31 December 2023 and 2022, the Group had no unprovided contractual obligations for future repairs and maintenance.

(d) **Fair value hierarchy**

As at 31 December 2023 and 2022, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs. There were no transfers between level 1, 2 and 3 during the year.

16. Investment Properties (Continued)

(e) Valuation processes and techniques

The Group measures its investment properties at fair value. The investment properties were valued by the management at the acquisition date and 31 December 2023. Methods and key assumptions in determining the fair value of the investment as at respective dates are disclosed as follows:

Fair value measurements used significant unobservable inputs (level 3).

Fair values of investment properties are evaluated by using direct comparison approach, which 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.

The main level 3 input used by the Group is market price.

(f) Valuation inputs and relationships to fair value

Description	Fair value at 31 December		Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	2023	2022			
	RMB'000	RMB'000			
Office buildings	**262,995**	252,796	Market price (RMB/square meter)	14,500-53,000 (2022: 15,000-54,000)	The higher the market price, the higher the fair value

17. Intangible Assets

	Computer software RMB'000	Trademarks RMB'000	Customer relationship and backlogs RMB'000	Subtotal RMB'000	Goodwill RMB'000	Total RMB'000
As at 1 January 2023						
Cost	**52,026**	**63,342**	**1,824,143**	**1,939,511**	**3,314,901**	**5,254,412**
Accumulated amortisation	**(22,220)**	**(26,153)**	**(518,889)**	**(567,262)**	**–**	**(567,262)**
Net book amount	**29,806**	**37,189**	**1,305,254**	**1,372,249**	**3,314,901**	**4,687,150**
Year ended 31 December 2023						
Opening net book amount	**29,806**	**37,189**	**1,305,254**	**1,372,249**	**3,314,901**	**4,687,150**
Additions	**604**	**460**	**–**	**1,064**	**–**	**1,064**
Other disposals	**(104)**	**–**	**–**	**(104)**	**–**	**(104)**
Amortisation	**(5,373)**	**(3,596)**	**(194,060)**	**(203,029)**	**–**	**(203,029)**
Impairment losses	**–**	**–**	**–**	**–**	**(427,890)**	**(427,890)**
Closing net book amount	**24,933**	**34,053**	**1,111,194**	**1,170,180**	**2,887,011**	**4,057,191**
As at 31 December 2023						
Cost	**51,276**	**63,802**	**1,824,143**	**1,939,221**	**3,314,901**	**5,254,122**
Accumulated amortisation	**(26,343)**	**(29,749)**	**(712,949)**	**(769,041)**	**–**	**(769,041)**
Accumulated Impairment	**–**	**–**	**–**	**–**	**(427,890)**	**(427,890)**
Net book amount	**24,933**	**34,053**	**1,111,194**	**1,170,180**	**2,887,011**	**4,057,191**
As at 1 January 2022						
Cost	49,694	63,342	1,592,110	1,705,146	3,123,231	4,828,377
Accumulated amortisation	(17,657)	(20,984)	(315,844)	(354,485)	–	(354,485)
Net book amount	32,037	42,358	1,276,266	1,350,661	3,123,231	4,473,892
Year ended 31 December 2022						
Opening net book amount	32,037	42,358	1,276,266	1,350,661	3,123,231	4,473,892
Additions	2,644	–	–	2,644	–	2,644
Acquisition of subsidiaries	–	–	232,033	232,033	191,670	423,703
Other disposals	(32)	–	–	(32)	–	(32)
Amortisation	(4,843)	(5,169)	(203,045)	(213,057)	–	(213,057)
Closing net book amount	29,806	37,189	1,305,254	1,372,249	3,314,901	4,687,150
As at 31 December 2022						
Cost	52,026	63,342	1,824,143	1,939,511	3,314,901	5,254,412
Accumulated amortisation	(22,220)	(26,153)	(518,889)	(567,262)	–	(567,262)
Net book amount	29,806	37,189	1,305,254	1,372,249	3,314,901	4,687,150

17. Intangible Assets (Continued)

Amortisation of intangible assets has been charged to the consolidated income statement as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Cost of sales	**198,393**	208,214
Administrative expenses	**4,636**	4,843
	203,029	213,057

Impairment tests for goodwill

Goodwill of RMB2,887,011,000 arising from business combinations in prior years has been allocated to the CGUs of subsidiaries acquired in prior years for impairment testing. Management performed an impairment assessment on the goodwill as at 31 December 2023. The net book amount of goodwill is allocated in CGUs as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Greenland Property Services	**776,623**	918,967
A-Living Futurelife PM	**757,271**	757,271
Others (Note)	**1,353,117**	1,638,663
	2,887,011	3,314,901

Note: Others are individually below RMB270,000,000, which is considered not significant and therefore analysed in aggregate.

As at 31 December 2023, the recoverable amount of all CGUs have been assessed by an independent valuer or the management, which was determined by VIU method. The VIU of all CGUs is determined by discounted cash flow based on financial projections approved by management covering a five-year period or seven-year period. A longer forecast period is applied to a CGUs operating in high-end household services industry because the business is currently in the developmental stage and is expected to become stabilized over time. The VIU results for CGUs, excluding Greenland Property Services acquired in 2017 and four CGUs (comprising two in non-residential property management services acquired in 2018 and 2020 respectively, one in city services acquired in 2021 and one in high-end household services acquired in 2021) included in "Others" category, were assessed to exceed their carrying amounts as at 31 December 2023.

By reference to the recoverable amount assessed by the independent valuer or the management as at 31 December 2023, the directors of the Company determined that impairment provision on goodwill of RMB427,890,000 was required as at 31 December 2023.

17. Intangible Assets (Continued)

Impairment tests for goodwill arising from business combinations in prior years

As at 31 December 2023, management reassessed the key assumptions for impairment testing of goodwill of Greenland Property Services and considered that the business expansion have not been carried out as scheduled and the profit margin of these projects were less than expected due to the impact of the macroeconomic environment. According to the management's estimation of the recoverable amount of these CGUs with the assistance of an independent valuer, impairment of goodwill of approximately RMB142,344,000 was recognised for Greenland Property Services, resulting in a reduction in the carrying amount of the goodwill of Greenland Property Services to RMB776,623,000.

As at 31 December 2023, management reassessed the key assumptions for impairment testing of goodwill of the two CGUs primarily involved in non-residential property management services and the one CGUs mainly involved in city services. It was considered that the business expansion have not been carried out as scheduled and cashflows of government and corporate clients served by these CGUs were tightening due to the impact of the macroeconomic environment, resulting in decreased profit margin for new projects and increased difficulty in collecting payments from past projects. According to the management's estimation of the recoverable amount of these CGUs with the assistance of an independent valuer, (i) impairment of goodwill of approximately RMB161,437,000 was recognised for the two CGUs in non-residential property management services, resulting in a reduction in the aggregate carrying amount of the goodwill of these two CGUs to RMB8,042,000; and (ii) impairment of goodwill of approximately RMB43,581,000 was recognised for the CGUs in city services, resulting in a reduction in carrying amount of the goodwill of the CGUs to RMB126,347,000.

As at 31 December 2023, management reassessed the key assumptions for impairment testing of goodwill of the CGUs operating in high-end household services and considered that the consumer demand for high-end household services was shrinking due to the impact of the macroeconomic environment, which had a negative impact on the business development of the CGUs. These adverse effects are expected to remain for a longer period of time. According to the management's estimation of the recoverable amount of the CGUs, impairment of goodwill of approximately RMB80,528,000 were recognised, resulting in a reduction in the carrying amount of the goodwill of the CGUs to RMB74,247,000.

As at 31 December 2023, management reassessed the key assumptions for impairment testing of goodwill of the other CGUs. Based on the assessment, the Group considered that no additional impairment of goodwill was required.

17. Intangible Assets (Continued)

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

	Greenland Property Services	A-Living Futurelife PM	Others
2023			
Compound annual growth rate of revenue during the projection period (%)	**17.3%**	**4.7%**	**0.1%~24.0%**
Earnings before interest, tax, depreciation and amortisation ("EBITDA") margin during the projection period (%)	**11.9%~12.0%**	**8.2%~8.7%**	**-26.9%~27.4%**
Average trade receivables turnover days	**158~180 days**	**74 days**	**2~270 days**
Long term growth rate (%)	**2.5%**	**2.5%**	**2.5%**
Pre-tax discount rate (%)	**21.4%**	**20.4%**	**16.4%~23.4%**
2022			
Compound annual growth rate of revenue during the projection period (%)	22.9%	5.3%	-1.5%~31.9%
EBITDA margin during the projection period (%)	13.3%~13.8%	7.9%~9.0%	-28.0%~32.0%
Average trade receivables turnover days	158~239 days	53 days	2~200 days
Long term growth rate (%)	3%	3%	3%
Pre-tax discount rate (%)	22.2%	21.3%	17.1%~25.0%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determining values
Compound annual growth rate of revenue	Based on past performance and management's expectations of market development. For Greenland Property Services, year-on-year increment in projected revenue is mainly attributable to the estimated incremental gross floor area under management as committed by Greenland Holdings according to the investment cooperation framework agreement.
EBITDA margin	Based on past performance and management's expectations for the future.
Average trade receivables turnover days	Based on past performance and management's expectations for the future.
Long term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period.
Pre-tax discount rate	Reflect specific risks relating to the relevant CGUs.

17. Intangible Assets (Continued)

Details of the headroom (the excess of the recoverable amounts over the carrying amounts) attributable to the Group for Greenland Property Services and A-Living Futurelife PM as at 31 December 2023 are set out as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
A-Living Futurelife PM	**338,307**	272,000
Greenland Property Services	**N/A**	31,649

Management has undertaken sensitivity analysis on the impairment tests of goodwill. The following table sets forth all possible changes to the key assumptions of the impairment tests and the changes taken in isolation in the VIU calculations for Greenland and A-Living Futurelife PM that would remove the remaining headroom respectively as at 31 December 2023 and 2022:

	Possible changes to the key assumptions	
As at 31 December 2023	**A-Living Futurelife PM**	**Greenland Property Services**
Compound annual growth rate of revenue	**-4.59%**	**N/A**
EBITDA margin	**-1.22%**	**N/A**
Average trade receivables turnover days	**+23.59 days**	**N/A**
Long term growth rate	**-4.44%**	**N/A**
Pre-tax discount rate	**3.36%**	**N/A**

	Possible changes to the key assumptions	
As at 31 December 2022	A-Living Futurelife PM	Greenland Property Services
Compound annual growth rate of revenue	-3.06%	-0.94%
EBITDA margin	-0.87%	-0.46%
Average trade receivables turnover days	+16.06 days	+7.64 days
Long term growth rate	-2.95%	-0.72%
Pre-tax discount rate	2.22%	0.57%

18. Financial Instruments by Category

The Group holds the following financial instruments:

	As at 31 December 2023 RMB'000	2022 RMB'000
Financial assets		
Financial assets at amortised cost		
– Trade and other receivables excluding prepayments (Note 20)	9,736,941	9,972,871
– Cash and cash equivalents (Note 23)	4,074,865	3,799,262
– Restricted cash	167,912	57,791
	13,979,718	13,829,924
Financial assets at FVPL (Note 22)	2,003,350	1,046,752
Financial assets at FVOCI (Note 19)	12,593	12,593
	15,995,661	14,889,269
Financial liabilities		
Financial liabilities at amortised cost		
Borrowings (Note 26)	296,755	104,820
Lease liabilities (Note 15(b))	77,784	52,190
Trade and other payables excluding non-financial liabilities (Note 27)	5,485,986	4,855,915
	5,860,525	5,012,925
Financial liabilities for put options (Note 29)	–	144,333
	5,860,525	5,157,258

19. Financial Assets at Fair Value Through Other Comprehensive Income ("FVOCI")

(a) Classification of financial assets at FVOCI

Financial assets at FVOCI comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

(b) Equity investments at FVOCI

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Non-current assets		
Unlisted securities	**12,593**	12,593

(c) Amounts recognised in profit or loss and other comprehensive income

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Losses recognised in other comprehensive income related to equity investments	**–**	11,275

As at 31 December 2023 and 2022, financial assets at FVOCI were all denominated in RMB.

20. Trade and Other Receivables and Prepayments

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Trade receivables (Note (a))		
– Related parties (Note 36(d))	**3,387,830**	3,424,242
– Third parties	**4,319,695**	3,505,099
	7,707,525	6,929,341
Less: allowance for impairment of trade receivables	**(1,053,795)**	(776,135)
	6,653,730	6,153,206
Other receivables		
– Related parties (Notes (b) and 36(d))	**875,453**	896,161
– Third parties (Note (c))	**2,474,646**	2,989,207
	3,350,099	3,885,368
Less: allowance for impairment of other receivables	**(266,888)**	(65,703)
	3,083,211	3,819,665
Prepayments		
– Related parties (Note 36(d))	**287,396**	300,125
– Third parties	**1,110,757**	442,615
	1,398,153	742,740
Less: allowance for impairment of prepayment	**(4,716)**	–
	1,393,437	742,740
Subtotal	**11,130,378**	10,715,611
Less: non-current portion of prepayments	**(923,797)**	(362,280)
Current portion of trade and other receivables and prepayments	**10,206,581**	10,353,331

20. Trade and Other Receivables and Prepayments (Continued)

(a) Trade receivables mainly represented the receivables of outstanding property management service fee and the receivables of value-added service income and city sanitation and cleaning service income.

Property management services income, value-added service income and city sanitation and cleaning service income are received in accordance with the terms of the relevant services agreements, and due for payment upon the issuance of demand note.

As at 31 December 2023 and 2022, the ageing analysis of the trade receivables based on recognition date were as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
0-180 days	**2,679,194**	3,672,465
181-365 days	**1,333,028**	1,906,021
1 to 2 years	**2,802,837**	855,678
2 to 3 years	**565,314**	247,669
Over 3 years	**327,152**	247,508
	7,707,525	6,929,341

Trade receivables of RMB65,422,000 (31 December 2022: RMB10,000,000) were pledged as collateral for a subsidiary's borrowings. The associated secured borrowings amounted to RMB44,167,000 (31 December 2022: RMB7,092,000) (Note 26).

(b) Included in receivables due from related parties as at 31 December 2023, there were (i) deposit of RMB700,000,000 (2022: RMB700,000,000) paid to Agile Holdings for the parking space leasing and sales agency service which is secured by certain car-parking space of Agile Holdings; (ii) interest-bearing advances to related parties of RMB79,544,000 (2022: RMB16,117,000), which are unsecured, interest bearing ranging from 0% to 0.5% (2022: 1.0% to 5.6%) per annum and are repayable within one year or on demand, refer to Note 36(e) for details; and (iii) rental deposits which are repayable upon maturity of rental period according to the respective contracts.

(c) Other receivables due from third parties mainly consist of deposits, advances to third parties and payment on behalf of residents.

Included in other receivables as at 31 December 2023, there were advances to third parties of RMB1,223,040,000 (2022: RMB1,052,000,000), which are interest bearing ranging from 2% to 7% per annum (31 December 2022: 2% to 8% per annum) and to be repaid within one year.

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

21. Inventories

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Consumables	**37,721**	45,187
Parking lots and shops	**–**	1,648
Food and beverage	**797**	133
	38,518	46,968

22. Financial Assets at Fair Value Through Profit or Loss

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Non-current assets		
Contingent consideration	**3,238**	3,238
Current assets		
Wealth management products	**3,000**	1,500
Trust	**1,996,014**	1,040,000
Hong Kong listed equity securities	**1,098**	2,014
	2,000,112	1,043,514
	2,003,350	1,046,752

(a) Amounts recognised in profit or loss

During the year, the following gains were recognised in profit or loss:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Gains on redemption and disposal on financial assets at FVPL	**15,463**	225,861
Fair value gains/(losses) on financial assets at FVPL recognised in other gains-net	**20,098**	(3,492)
Fair value losses on contingent consideration	**–**	(11)
	35,561	222,358

(b) Risk exposure and fair value measurements

For information about the methods and assumptions used in determining fair value refer to Note 3.3.

As at 31 December 2023 and 2022, financial assets at FVPL were all of denominated in RMB, except for Hong Kong listed equity securities which were denominated in HK$.

23. Cash and Cash Equivalents

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Cash at bank and in hand:		
– Denominated in RMB	**4,066,843**	3,798,294
– Denominated in HK$	**301**	966
– Denominated in US$	**2,094**	2
– Denominated in AUD$	**5,627**	–
	4,074,865	3,799,262

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks. Bank deposits which are restricted to use are included in "restricted cash" of the consolidated balance sheet.

The conversion of RMB denominated balances 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.

24. Share Capital

	Number of shares As at 31 December		Share capital As at 31 December	
	2023	2022	**2023**	2022
			RMB'000	RMB'000
Issued and fully paid	**1,420,000,800**	1,420,000,800	**1,420,001**	1,420,001

25. Other Reserves

	Share premium RMB'000	Statutory reserve RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2022	5,270,220	327,152	17,387	5,614,759
Revaluation – gross	–	–	(6,634)	(6,634)
Deferred tax	–	–	1,659	1,659
Other comprehensive expenses	–	–	(4,975)	(4,975)
Appropriation of statutory reserves (Note)	–	56,951	–	56,951
Share-based payments	–	–	39,990	39,990
Other transaction with NCI	(19,137)	–	–	(19,137)
As at 31 December 2022 and 1 January 2023	**5,251,083**	**384,103**	**52,402**	**5,687,588**
Share of other comprehensive income of associates and joint ventures	**–**	**–**	**2,199**	**2,199**
Other comprehensive expenses	**–**	**–**	**2,199**	**2,199**
Appropriation of statutory reserves (Note)	**–**	**14,065**	**–**	**14,065**
Share-based payments	**–**	**–**	**10,560**	**10,560**
Exercise of put option	**–**	**–**	**25,413**	**25,413**
Other transaction with NCI (Note (34))	**–**	**–**	**(114,794)**	**(114,794)**
As at 31 December 2023	**5,251,083**	**398,168**	**(24,220)**	**5,625,031**

Note: In accordance with relevant rules and regulations in the PRC, except for sino-foreign equity joint venture enterprises, all PRC companies are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective companies.

26. Borrowings

	As at 31 December 2023 RMB'000	2022 RMB'000
Non-current liabilities:		
– secured	**40,056**	9,689
– unsecured	**75,313**	2,060
	115,369	11,749
Current liabilities:		
– secured	**105,778**	56,814
– unsecured	**75,608**	36,257
	181,386	93,071
Total bank and other borrowings	**296,755**	104,820

The Group's borrowings as at 31 December 2023 of RMB145,834,000 (2022: RMB66,503,000) were mainly secured by certain self-used PPE of the Group with net book amount of RMB89,455,000 (2022: RMB90,706,000), pledged by certain investment properties with market value of RMB15,965,000 (2022: Nil) and trade receivables of RMB65,422,000 (2022: RMB10,000,000).

As at 31 December 2023, the Group's bank and other borrowings were repayable as follows:

	As at 31 December 2023 RMB'000	2022 RMB'000
Within 1 year	**181,386**	93,071
Over 1 year and within 2 years	**57,980**	8,354
Over 2 year and within 5 years	**57,389**	3,395
	296,755	104,820

The weighted average interest rate for the year ended 31 December 2023 was 4.98% per annum (2022: 5.25% per annum).

The carrying amounts of the bank and other borrowings are denominated in RMB.

27. Trade and Other Payables

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Trade payables		
– Related parties (Note 36(d))	**57,824**	76,942
– Third parties	**2,886,533**	2,588,139
	2,944,357	2,665,081
Other payables		
– Related parties (Note 36(d))	**104,052**	252,927
– Third parties	**2,318,913**	1,820,781
	2,422,965	2,073,708
Dividends payables	**118,664**	117,126
Accrued payroll	**1,047,219**	1,010,843
Other taxes payables	**153,057**	162,042
	6,686,262	6,028,800
Less: non-current portion of other payables	**(2,891)**	(6,672)
Current portion of trade and other payables	**6,683,371**	6,022,128

As at 31 December 2023 and 2022, the ageing analysis of the trade payables (including amounts due to related parties in trade nature) based on invoice date were as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Up to 1 year	**2,624,448**	2,492,235
1 to 2 years	**264,720**	120,633
2 to 3 years	**35,482**	29,424
Over 3 years	**19,707**	22,789
	2,944,357	2,665,081

As at 31 December 2023 and 2022, trade and other payables were all denominated in RMB and the fair values of trade and other payables approximated their carrying amounts.

28. Deferred Income Tax

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Deferred income tax assets:		
– Deferred tax assets to be recovered after more than 12 months	**194,613**	180,474
– Deferred tax assets to be recovered within 12 months	**216,476**	113,305
– Set-off of deferred tax liabilities pursuant to set-off provisions	**(25,907)**	(34,818)
	385,182	258,961
Deferred income tax liabilities:		
– Deferred tax liabilities to be recovered after more than 12 months	**(324,131)**	(349,778)
– Deferred tax liabilities to be recovered within 12 months	**(14,928)**	(10,579)
– Set-off of deferred tax liabilities pursuant to set-off provisions	**25,907**	34,818
	(313,152)	(325,539)
	72,030	(66,578)

28. Deferred Income Tax (Continued)

The movement in deferred income tax assets and liabilities during the years ended 31 December 2023 and 2022, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred tax assets – allowance on doubtful debts RMB'000	Deferred tax assets – deductible tax losses RMB'000	Deferred tax assets – accrued expenses RMB'000	Deferred tax assets – lease liabilities RMB'000	Deferred tax assets – others RMB'000	Deferred tax assets/ (liabilities) – financial assets at FVOCI RMB'000	Deferred tax assets/ (liabilities) – financial assets at FVPL RMB'000	Deferred tax liabilities – excess of carrying amount of other intangible assets over the tax bases RMB'000	Deferred tax liabilities – right-of-use assets RMB'000	Deferred tax liabilities – differences on recognition of depreciation RMB'000	Total RMB'000
As at 1 January 2022	87,566	12,992	42,892	–	4,184	(1,564)	310	(353,386)	–	(6,353)	(213,359)
Credited/(charged) to the consolidated income statement (Note 13)	115,027	16,629	6,106	–	(6)	–	4,671	56,158	–	155	198,740
Acquisition of subsidiaries	2,289	–	–	–	–	–	–	(58,008)	–	–	(55,719)
Charged to other comprehensive income	–	–	–	–	–	2,892	–	1,077	–	–	3,969
Disposal of subsidiaries	(209)	–	–	–	–	–	–	–	–	–	(209)
As at 31 December 2022 and 1 January 2023	204,673	29,621	48,998	–	4,178	1,328	4,981	(354,159)	–	(6,198)	(66,578)
Change in accounting policy	–	–	–	12,929	–	–	–	–	(12,929)	–	–
Credited/(charged) to the consolidated income statement (Note 13)	113,559	(11,568)	8,403	6,517	(4,178)	–	(13,940)	50,316	(7,699)	395	141,805
Disposal of subsidiaries	(2,094)	(1,277)	–	–	–	–	–	–	–	174	(3,197)
As at 31 December 2023	316,138	16,776	57,401	19,446	–	1,328	(8,959)	(303,843)	(20,628)	(5,629)	72,030

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise deferred tax assets of RMB21,206,000 (2022: RMB22,178,000) in respect of tax losses amounting to RMB133,804,000 (2022: RMB129,302,000) as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

29. Financial Liabilities for Put Options

There are several put options guaranteed to the non-controlling shareholders of certain subsidiaries of the Group which they had the right to sell the remaining equity interests to the Group.

In March 2019, the Company entered into equity interests transfer agreement with the NCI of Harbin Jingyang, pursuant to which, the Company issued put option to the NCI which grant its right to sell the 32% equity interest in Harbin Jingyang back to the Company and would be expired in 2022. The put option written on the NCI of Harbin Jingyang was then regarded as redemption liabilities determined as the present value of future cash outflows assuming the exercise of the put option by the non-controlling interests, with corresponding charges in equity.

In April 2019, the Company entered into equity interests transfer agreement with the NCI of Qingdao Huaren, pursuant to which, the Company issued put option to the NCI which grant its right to sell the all remaining equity interest in Qingdao Huaren back to the Company and would be expired during 2022 to 2023. The put option written on the NCI of Qingdao Huaren was then regarded as redemption liabilities determined as the present value of future cash outflows assuming the exercise of the put option by the NCI, with corresponding charges in equity.

In July 2023, the Company completed an acquisition of the remaining 32% equity interest of Harbin Jingyang from a minority shareholder for RMB106,463,000. The consideration would be settled by installments. As at 31 December 2023, RMB10,000,000 has been paid for settlement.

In September 2023, the Company completed an acquisition of the remaining 10.31% equity interest of Qingdao Huaren for RMB23,207,000 from 11 minority shareholders, which have been fully settled during the year ended 31 December 2023.

The valuation of the redemption liabilities for initial recognition was determined using the discounted cash flow method under the income approach. The significant unobservable inputs are expected discount rate as at the exit date which was determined by the probability-weighted average of floating premiums under three financial projection scenarios prepared by management, and the expected discount rate which was determined using the capital asset pricing model. The redemption liabilities are subsequently accreted through “finance costs”.

29. Financial Liabilities for Put Options (Continued)

The movement of the redemption liabilities is set out below:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Opening balance	**144,333**	107,358
Changes in fair value (Note 10)	**(14,976)**	31,086
Changes in discounted present value (Note 11)	**312**	5,889
Transfer to other payables upon exercise	**(129,669)**	–
	–	144,333
Less: current portion	**–**	(144,333)
Non-current portion	**–**	–

30. Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Proposed final dividend of RMB0.06 (2022: nil) per share	**85,200**	–
Interim dividend declared of RMB0.025 per share	**35,500**	–
	120,700	–

A final dividend of RMB0.06 per share for the year ended 31 December 2023, totalling RMB85,200,000 have been proposed by the Board of the Company and are subject to the approval of the forthcoming annual general meeting to be held on 29 May 2024. These dividend will be distributed out of the Company's retained earnings. These consolidated financial statements have not reflected the proposed dividend payable.

The interim dividend RMB0.025 per share, totalling RMB35,500,000, has been approved at the extraordinary general meeting on 8 December 2023 and paid in cash in January 2024.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year of nil (2022: RMB0.41 per share)	**–**	582,200

31. Cash Flow Information

(a) Cash generated from operations

	2023 RMB'000	2022 RMB'000
Profit before income tax	**1,048,544**	2,451,951
Adjustments for:		
– Depreciation of PPE (Note 15(a))	**153,072**	92,742
– Amortisation of intangible assets (Note 17)	**203,029**	213,057
– Amortisation of right-of-use assets (Note 15(b))	**36,081**	45,422
– Impairment losses on financial assets	**534,820**	465,623
– Impairment losses on goodwill	**427,890**	–
– Impairment losses on prepayment	**4,716**	–
– (Gains)/Losses on disposal of PPE and investment properties (Note 10)	**(26,183)**	3,277
– Share of post-tax profits of joint ventures and associates (Note 12(b))	**(44,937)**	(56,393)
– Interest income from loans to related parties (Note 9)	**(766)**	(2,222)
– Interest income from loans to third parties	**(110,061)**	(98,443)
– Gains from disposal of investments accounted for using the equity method (Note 10)	**–**	(403)
– Gains on redemption and disposal of financial assets at FVPL (Note 10)	**(15,463)**	(222,358)
– Fair value gains on financial assets at FVPL (Note 10)	**(20,098)**	–
– Fair value (gains)/losses on put options (Note 10)	**(14,976)**	31,086
– Fair value losses/(gains) on investment properties (Note 10)	**10,100**	(23,271)
– Gains from bargain purchase on acquisition of a subsidiary (Note 10)	**(186)**	–
– (Gains)/Losses on disposal of subsidiaries (Note 10)	**(16,655)**	1,301
– Dividend income	**(921)**	–
– Finance costs (Note 11)	**20,128**	18,565
– Foreign exchange (gains)/losses	**(5,385)**	5,063
– Share-based payments (Note 8)	**10,560**	39,990
Changes in working capital:		
– Restricted cash	**(110,121)**	(8,498)
– Inventories	**8,469**	(7,327)
– Trade and other receivables	**(1,529,589)**	(4,169,603)
– Trade and other payables	**618,845**	942,982
– Contract liabilities	**291,467**	51,303
	1,472,380	(226,156)

31. Cash Flow Information (Continued)

(b) A reconciliation of liabilities arising from financing activities is as follows:

	Borrowings RMB'000 (Note 26)	Lease liabilities RMB'000 (Note 15(b))	Dividends payable RMB'000 (Note 27)	Other payables – related parties RMB'000 (Note 36(d))	Other payables – third parties (excluding trade nature) RMB'000	Total RMB'000
As at 1 January 2022	78,529	77,758	127,309	107,235	26,416	417,247
Cash flows						
– Inflow from financing activities	95,418	–	–	54,139	15,743	165,300
– Outflow from financing activities	(69,127)	(55,812)	(741,728)	–	(10,366)	(877,033)
– Inflow from operating activities	–	–	–	91,553	–	91,553
Non-cash changes						
– Additions of lease liabilities	–	29,399	–	–	–	29,399
– Finance costs recognised	–	6,974	–	–	–	6,974
– Accrued dividends	–	–	731,545	–	–	731,545
– Disposal of ROU	–	(6,129)	–	–	–	(6,129)
As at 31 December 2022 and 1 January 2023	104,820	52,190	117,126	252,927	31,793	558,856
Cash flows						
– Inflow from financing activities	**339,035**	**–**	**–**	**–**	**6,875**	**345,910**
– Outflow from financing activities	**(147,100)**	**(47,035)**	**(195,215)**	**–**	**(6,988)**	**(396,338)**
– Outflow from operating activities	**–**	**–**	**–**	**(148,875)**	**–**	**(148,875)**
Non-cash changes						
– Additions of lease liabilities	**–**	**79,279**	**–**	**–**	**–**	**79,279**
– Finance costs recognised (Note 11)	**–**	**5,753**	**–**	**–**	**–**	**5,753**
– Accrued dividends	**–**	**–**	**196,753**	**–**	**–**	**196,753**
– Disposal of ROU	**–**	**(12,403)**	**–**	**–**	**–**	**(12,403)**
As at 31 December 2023	**296,755**	**77,784**	**118,664**	**104,052**	**31,680**	**628,935**

31. Cash Flow Information (Continued)

(c) Non cash transactions

i. The Group entered into certain lease contracts in which additions of ROU and lease liabilities amounting to RMB79,279,000 (2022: RMB29,399,000) was recognised during the year ended 31 December 2023.

ii. Trade receivables of RMB590,798,000 (2022: RMB171,139,000) was settled by the debtors via transfer of certain properties to the Group.

32. Business Combination

During the year ended 31 December 2023, the Group acquired an insignificant subsidiary. The consideration for the acquisition was RMB155,000 and fair value of net assets acquired, non-controlling interests and gain from bargain purchase recognised were RMB1,100,000, RMB759,000 and RMB186,000, respectively.

The revenue and the results contributed by the acquired subsidiary for the period since the acquisition date were insignificant to the Group. The Group's revenue and results for the year would not be materially different if the acquisition had occurred on 1 January 2023.

33. Commitments

(a) Capital commitments

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Contracted by not provided for		
Acquisitions of additional equity interests from NCI	**136,508**	212,643

(b) Operating lease commitments – as lessee

The Group leases offices and staff dormitories under non-cancellable operating lease agreements. The lease terms are between one month and 15 years (2022: one month and 15 years).

The Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see Note 15(b) for further information.

34. Other Transaction With Non-Controlling Interests

During the year ended 31 December 2023, the Group acquired additional equity interests in certain subsidiaries, respectively, for a total consideration of RMB209,985,000. The Group recognised a decrease in non-controlling interests of RMB95,191,000 and an increase in equity attributable to the equity holders of the Company of RMB114,794,000.

35. Disposal of Subsidiaries

During the year ended 31 December 2023, the Group disposed of certain subsidiaries to independent third parties at a total consideration of RMB7,255,000. Subsequent to the disposals, these entities are no longer subsidiaries of the Group. Details of the disposal transactions are as follows:

	Note	**As at the respective dates of the disposals RMB'000**
Disposal considerations		
– Cash received		**5,649**
– Outstanding and included in other receivables		**1,606**
		7,255
Add: Total net liabilities of the subsidiaries		**4,382**
Add: Transfer to investments accounted for using the equity method (Note 12)		**300**
Add: Non-controlling interests		**4,718**
Gain on disposal of the subsidiaries	10	**16,655**

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	As at the respective dates of the disposals RMB'000
Cash proceeds from disposal	**5,649**
Less: cash and cash equivalents in the subsidiaries	**(4,401)**
Net cash outflow on disposals	**1,248**

36. Related Party Transactions

(a) Name and relationship with related parties

Name	Relationship
Agile Holdings and its subsidiaries 雅居樂集團控股有限公司及其附屬公司	Ultimate holding company and its subsidiaries
Founding Shareholders, including Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei, and Mr. Chan Cheuk Nam (the "Founding Shareholders")	Founding shareholders of Agile Holdings
Zhongshan A-Living 中山雅生活企業管理服務有限公司	Controlling shareholder of the Company
Deluxe Star International Limited 旺紀國際有限公司	Intermediate holding company
Greenland Holdings and its subsidiaries (Note) 綠地控股集團有限公司及其附屬公司	A shareholder having significant influence on the Company and its subsidiaries
CMIG Futurelife Holding Group Co., Ltd* ("CMIG") and its subsidiaries 中民未來控股集團有限公司及其附屬公司	Non-controlling shareholder with significant influence and its subsidiaries
Zhongshan Agile Changjiang Hotel Co., Ltd* 中山雅居樂長江酒店有限公司	Controlled by the Founding Shareholders
Zhongshan Changjiang Golf Course* 中山長江高爾夫球場	Controlled by the Founding Shareholders
Hainan Agile Lehan Hotel Management Co., Ltd* 海南雅居樂瀚海酒店管理有限公司	Controlled by the Founding Shareholders
Chengdu Xueling Enterprise Management Co., Ltd.* 成都雪领企業管理有限公司	Associate of Agile Holdings
Jinzhong Jintianheyi Property Development Co., Ltd.* 晉中錦添合意房地產開發有限公司	Associate of Agile Holdings
Sichuan Yacan Real Estate Development Co., Ltd.* 四川雅燦房地產開發有限公司	Associate of Agile Holdings

36. Related Party Transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Foshan Changzhong Property Development Co., Ltd.* 佛山市昌重房地產開發有限公司	Associate of Agile Holdings
Foshan Sanshui Qingmei Real Estate Development Co., Ltd.* 佛山市三水區擎美房地產有限公司	Associate of Agile Holdings
Sichuan Yaheng Real Estate Development Co., Ltd.* 四川雅恆房地產開發有限公司	Associate of Agile Holdings
Avic Meili urban and Rural Sanitation Group Co., Ltd.* 中航美麗城鄉環衛集團有限公司	Associate of the Group
Chongqing Weishi Property Management Co., Ltd* 重慶衛士物業管理有限公司	Associate of the Group
Nanjing Haiyue Property Management Co., Ltd* 南京海玥物業管理有限公司	Associate of the Group
Shanghai Zunrong Security Service Co., Ltd.* 上海尊榮保安服務有限公司	Associate of the Group
Shenzhen Huilongcheng Property Management Co., Ltd* 深圳市匯龍城物業管理有限公司	Associate of the Group
Square Asset Management Limited.	Associate of the Group
Tianjin Zhuosen Business Management Co., Ltd.* 天津卓森商業管理有限公司	Associate of the Group
Guangzhou Huibang Property Co., Ltd.* (Note) 廣州市暉邦置業有限公司	Joint venture of Greenland Holdings
Greenland Hangzhou Shuangta Property Co., Ltd.* (Note) 綠地控股集團杭州雙塔置業有限公司	Joint venture of Greenland Holdings
Guangzhou Greenland Baiyun Property Co., Ltd.* (Note) 廣州綠地白雲置業有限公司	Joint venture of Greenland Holdings
Huizhou Huiyang Agile Real Estate Development Co., Ltd* 惠州市惠陽雅居樂房地產開發有限公司	Joint venture of Agile Holdings

36. Related Party Transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Beihai Yaguang Property Development Co., Ltd.* 北海雅廣房地產開發有限公司	Joint venture of Agile Holdings
Guangxi Fuya Investments Co., Ltd.* 廣西富雅投資有限公司	Joint venture of Agile Holdings
Henan Yafu Property Co., Ltd.* 河南雅福置業有限公司	Joint venture of Agile Holdings
Huizhou Bailuhu Tour Enterprise Development Co., Ltd.* 惠州白鷺湖旅遊實業開發有限公司	Joint venture of Agile Holdings
Weihai Yalan Investment Co., Ltd.* 威海雅藍投資開發有限公司	Joint venture of Agile Holdings
Zhuhai Yahan Real Estate Development Co., Ltd.* 珠海市雅瀚房地產開發有限公司	Joint venture of Agile Holdings
Zhuhai Yahao Real Estate Development Co., Ltd.* 珠海市雅灝房地產開發有限公司	Joint venture of Agile Holdings
Kaifeng Fenghui Property Co., Ltd.* 開封豐輝置業有限公司	Joint venture of Agile Holdings
Guigang Shenghe Property Service Co., Ltd.* 貴港市盛和物業服務有限公司	Joint venture of the Group
Hangzhou Songya Property Services Co., Ltd.* 杭州宋雅物業服務有限公司	Joint venture of the Group
Qingdao Qinglv City Services Co., Ltd.* 青島青旅城市服務有限公司	Joint venture of the Group

The above table lists the principal related parties of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group.

Note:

A director who had significant influence over the Group and was a member of the key management personnel of Greenland Holdings led to the Group considering Greenland Holdings, along with its subsidiaries and joint ventures, as related parties in accordance with HKAS 24 Related Party Disclosures as at 31 December 2022. Subsequent to the director's retirement in July 2023, these entities are no longer considered related parties of the Group.

* The English name of the related parties represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

36. Related Party Transactions (Continued)

(b) Transactions with related parties

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Provision of services		
Entities controlled by Agile Holdings	**918,840**	1,709,635
Joint ventures and associates of Agile Holdings	**123,968**	205,084
Greenland Holdings and entities controlled by Greenland Holdings	**93,218**	244,157
Joint ventures and associates of the Group	**11,021**	12,814
Entities controlled by the Founding Shareholders	**626**	–
Joint ventures of Greenland Holdings	**864**	80
	1,148,537	2,171,770

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Purchase of services		
Associates of the Group	**113,910**	92,488
Controlled by Agile Holdings	**14,766**	16,047
Joint ventures and associates of Agile Holdings	**3,375**	1,877
Greenland Holdings and entities controlled by Greenland Holdings	**5,520**	12,076
CMIG and entities controlled by CMIG	**–**	517
Joint ventures of Greenland Holdings	**–**	79
Entities controlled by the Founding Shareholders	**808**	–
	138,379	123,084

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Interest income received on loans due from related parties		
Associates of the Group	**766**	2,222

36. Related Party Transactions (Continued)

(b) Transactions with related parties (Continued)

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Rental expenses paid relating to short-term and low-value leases		
Entities controlled by Agile Holdings	**1,376**	2,708
Entities controlled by the Founding Shareholders	**2,741**	2,306
A founding shareholder of Agile Holdings	**–**	223
	4,117	5,237

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Interest expense for lease liabilities		
Entities controlled by Agile Holdings	**85**	140
A founding shareholder of Agile Holdings	**11**	–
Joint venture of the Group	**–**	41
	96	181

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Payment of lease liabilities		
Entities controlled by Agile Holdings	**1,039**	1,540
A founding shareholder of Agile Holdings	**445**	–
Joint venture of the Group	**–**	445
	1,484	1,985

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

36. Related Party Transactions (Continued)

(c) Key management compensation

Compensations for key management other than those for directors and supervisors as disclosed in Note 38 are set out below.

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Salaries and other short-term employee benefits	**3,470**	4,000
Share-based payments	**2,112**	6,099
Contribution to pension scheme	**120**	82
	5,702	10,181

(d) Balances with related parties

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Due from related parties		
Trade receivables		
Entities controlled by Agile Holdings	**2,911,642**	2,403,254
Greenland Holdings and entities controlled by Greenland Holdings*	**–**	551,768
Joint ventures and associates of Agile Holdings	**467,196**	455,060
Joint ventures and associates of the Group	**8,741**	7,343
CMIG and entities controlled by CMIG	**–**	3,932
Joint ventures of Greenland Holdings*	**–**	2,885
Entities controlled by the Founding Shareholders	**251**	–
	3,387,830	3,424,242
Other receivables		
Joint ventures and associates of the Group	**80,771**	98,509
Entities controlled by Agile Holdings	**775,475**	726,147
Greenland Holdings and entities controlled by Greenland Holdings*	**–**	56,053
Joint ventures and associates of Agile Holdings	**15,563**	13,337
Entities controlled by the Founding Shareholders	**3,644**	2,115
	875,453	896,161
Prepayments		
Greenland Holdings and entities controlled by Greenland Holdings*	**–**	284,983
Associates of the Group	**2,153**	13,423
Entities controlled by Agile Holdings (Note (i))	**282,757**	–
Associates of Agile Holdings	**2,486**	1,719
	287,396	300,125
	4,550,679	4,620,528

36. Related Party Transactions (Continued)

(d) Balances with related parties (Continued)

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Due to related parties		
Trade payables		
Associates of the Group	**37,399**	55,056
Entities controlled by Agile Holdings	**17,943**	3,128
CMIG and entities controlled by CMIG	**–**	1,054
Greenland Holdings and entities controlled by Greenland Holdings*	**–**	17,704
Joint ventures and associates of Agile Holdings	**1,329**	–
Entities controlled by the Founding Shareholder	**1,153**	–
	57,824	76,942
Other payables (Note (ii))		
Entities controlled by Agile Holdings	**96,476**	114,903
Associates of the Group	**6,576**	125,210
Greenland Holdings and entities controlled by Greenland Holdings*	**–**	9,098
Joint ventures of Agile Holdings	**980**	3,573
A Founding Shareholder of Agile Holdings	**–**	143
Entities controlled the Founding Shareholder	**20**	–
	104,052	252,927
Contract liabilities		
Entities controlled by Agile Holdings	**5,421**	227
Joint ventures and associates of Agile Holdings	**1,000**	–
Joint ventures and associates of the Group	**53**	–
	6,474	227
	168,350	330,096

(i) The balances mainly represent underlying properties developed by Agile Holdings which are expected to be used for settlement of payables due from the Group to third-party suppliers, sales or letting out the properties to third-parties.

(ii) Other payables due to related parties mainly represented the receipts of communal area income on behalf of the properties' owners, which are interest-free and repayable on demand.

* A director who had significant influence over the Group and was a member of the key management personnel of Greenland Holdings led to the Group considering Greenland Holdings, along with its subsidiaries and joint ventures, as related parties in accordance with HKAS 24 Related Party Disclosures as at 31 December 2022. Subsequent to the director's retirement in July 2023, these entities are no longer considered related parties of the Group.

36. Related Party Transactions (Continued)

(e) Loans and interest receivables due from related parties

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
As at beginning of the year	**16,117**	197,243
Addition	**84,140**	–
Repayments from related parties	**(5,302)**	(63,348)
Non-cash changes	**(16,177)**	(120,000)
Interest income (Note 9)	**766**	2,222
As at end of the year	**79,544**	16,117

Loans and interest receivables due from related parties bear an interest rate of 0% to 0.5% (2022: 1.0% to 5.6%) per annum and are repayable in one year or on demand.

37. Balance Sheet and Reserve Movement of the Company

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Assets		
Non-current assets		
Property, plant and equipment	**56,045**	58,257
Right-of-use assets	**7,780**	7,588
Other intangible assets	**344**	680
Investments accounted for using the equity method	**616,937**	617,037
Deferred income tax assets	**47,489**	21,572
Investments in subsidiaries	**3,787,728**	3,887,448
Prepayments	**77,958**	24,668
Financial assets at fair value through profit or loss	**3,238**	3,238
	4,597,519	4,620,488
Current assets		
Trade and other receivables	**9,292,252**	8,305,413
Inventories	**10,355**	12,093
Financial assets at fair value through profit or loss	**1,098**	2,014
Restricted cash	**60,259**	95
Cash and cash equivalents	**273,396**	275,713
	9,637,360	8,595,328
Total assets	**14,234,879**	13,215,816

37. Balance Sheet and Reserve Movement of the Company (Continued)

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Equity		
Equity attributable to shareholders of the Company		
Share capital	**1,420,001**	1,420,001
Other reserves (Note (a))	**6,143,193**	6,118,568
Retained earnings	**806,225**	902,643
Total equity	**8,369,419**	8,441,212
Liabilities		
Non-current liabilities		
Lease liabilities	**2,788**	3,672
Contract liabilities	**77,854**	17,797
Deferred income tax liabilities	**3,477**	–
	84,119	21,469
Current liabilities		
Contract liabilities	**494,130**	507,876
Trade and other payables	**5,214,326**	4,134,895
Current income tax liabilities	**67,683**	33,763
Financial liabilities for put options	**–**	72,450
Lease liabilities	**5,202**	4,151
	5,781,341	4,753,135
Total liabilities	**5,865,460**	4,774,604
Total equity and liabilities	**14,234,879**	13,215,816

The balance sheet of the Company was approved by the Board of Directors on 25 March 2024 and was signed on its behalf:

Chan Cheuk Hung
Director

Huang Fengchao
Director

37. Balance Sheet and Reserve Movement of the Company (Continued)

(a) Reserve movement of the Company

	Share premium RMB'000	Statutory reserve RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2022	5,728,897	318,781	(26,051)	6,021,627
Appropriation of statutory reserves	–	56,951	–	56,951
Share-based payments	–	–	39,990	39,990
As at 31 December 2022 and 1 January 2023	**5,728,897**	**375,732**	**13,939**	**6,118,568**
Appropriation of statutory reserves	**–**	**14,065**	**–**	**14,065**
Share-based payments	**–**	**–**	**10,560**	**10,560**
As at 31 December 2023	**5,728,897**	**389,797**	**24,499**	**6,143,193**

38. Directors', Chief Executive's and Supervisors' Remuneration

During the year ended 31 December 2023, the directors and supervisors are listed in the following:

Executive Directors

Mr. Chan Cheuk Hung (Co-chairman)
Mr. Huang Fengchao (Co-chairman)
Mr. Li Dalong (President (General Manager) and Chief Executive Officer)
Mr. Chen Siyang (Vice President) (appointed on 21 July 2023)

Non-executive Directors

Mr. Wei Xianzhong (retired on 21 July 2023)
Ms. Yue Yuan (retired on 21 July 2023)
Mr. Xu Yongping (appointed on 21 July 2023)

Independent Non-executive Directors

Mr. Wan Kam To (retired on 21 July 2023)
Mr. Weng Guoqiang
Mr. Wang Gonghu (appointed on 21 July 2023)
Mr. Li Jiahe (appointed on 3 March 2023)

Supervisors

Mr. Liu Jianrong
Ms. Huang Zhixia
Mr. Shi Zhengyu (retired on 21 July 2023)
Mr. Wang Gonghu (retired on 21 July 2023)
Mr. Wang Shao
Ms. Zhang Pingting (appointed on 21 July 2023)
Mr. Zheng Jiancheng (appointed on 21 July 2023)

38. Directors', Chief Executive's and Supervisors' Remuneration (Continued)

Directors', chief executive's and supervisors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Fees	**934**	1,320
Other emoluments:		
– Salaries	**2,079**	2,954
– Share-based payments	**2,113**	1,136
– Housing allowance and contribution to a retirement benefit scheme	**169**	174
	5,295	5,584

The directors and supervisors received emoluments from the Group for the year ended 31 December 2023 as follows:

Name	Fees RMB'000	Salaries RMB'000	Share-based payments RMB'000	Bonus RMB'000	Housing allowance and contributions to a retirement benefit scheme RMB'000	Total RMB'000
Executive directors						
Mr. Li Dalong	–	881	–	–	67	948
Mr. Chen Siyang	–	340	1,943	–	4	2,287
Independent non-executive directors						
Mr. Wan Kam To	200	–	–	–	–	200
Mr. Weng Guoqiang	240	–	–	–	–	240
Mr. Li Jiahe	200	–	–	–	–	200
Mr. Wang Gonghu	108	–	–	–	–	108
Supervisors						
Mr. Liu Jianrong	–	553	170	–	71	794
Ms. Huang Zhixia	–	305	–	–	27	332
Mr. Wang Gonghu	66	–	–	–	–	66
Mr. Wang Shao	93	–	–	–	–	93
Mr. Zheng Jiancheng	27	–	–	–	–	27
	934	2,079	2,113	–	169	5,295

38. Directors', Chief Executive's and Supervisors' Remuneration (Continued)

The directors and supervisors received emoluments from the Group for the year ended 31 December 2022 as follows:

Name	Fees RMB'000	Salaries RMB'000	Share-based payments RMB'000	Bonus RMB'000	Housing allowance and contributions to a retirement benefit scheme RMB'000	Total RMB'000
Executive directors						
Mr. Li Dalong	–	1,940	–	–	77	2,017
Independent non-executive directors						
Mr. Wan Kam To	516	–	–	–	–	516
Ms. Wong Chui Ping Cassie	457	–	–	–	–	457
Mr. Weng Guoqiang	347	–	–	–	–	347
Supervisors						
Mr. Liu Jianrong	–	471	1,136	–	70	1,677
Ms. Huang Zhixia	–	303	–	–	27	330
Mr. Wang Gonghu	–	120	–	–	–	120
Mr. Wang Shao	–	120	–	–	–	120
	1,320	2,954	1,136	–	174	5,584

Notes:

(i) The executive directors, Mr. Huang Fengchao and Mr. Chan Cheuk Hung received emoluments totalling RMB3,776,000 during the year ended 31 December 2023 (2022: RMB5,476,000), which were borne by related parties of the Group. Mr. Huang Fengchao and Mr. Chan Cheuk Hung were also directors of Agile Holdings during the year ended 31 December 2023, and their emoluments were not allocated to the Group as the management of the Company considers there is no reasonable basis of allocation.

The non-executive director Ms. Yue Yuan received emoluments totalling RMB3,000,000 (2022: RMB2,303,000) during the year ended 31 December 2023, which were borne by related parties of the Group and Ms. Yue Yuan retired with effect from 21 July 2023. Ms. Yue Yuan was also management of Agile Holdings during the year ended 31 December 2023, and her emolument was not allocated to the Group as the management of the Company considers there is no reasonable basis of allocation.

Except for those mentioned above, no other emoluments paid or receivable in respect of directors' and supervisors' other services in connection with the management of the affairs of the Company or its subsidiary undertaking during the year ended 31 December 2023 and 2022.

38. Directors', Chief Executive's and Supervisors' Remuneration (Continued)

Notes: (Continued)

(ii) During the year ended 31 December 2023 and 2022, there were no additional retirement benefit received by the directors and supervisors except for the contributions to a retirement benefit scheme as disclosed above.

During the year ended 31 December 2023 and 2022, there were no termination benefits received by the directors and supervisors.

During the year ended 31 December 2023 and 2022, no consideration was paid for making available the services of the directors or supervisors of the Company.

During the year ended 31 December 2023 and 2022, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favor of directors and supervisors of the Company.

(iii) Mr. Chan Cheuk Hung is one of the Founding Shareholders and executive directors of Agile Holdings, the Company's ultimate holding company. Mr. Chan Cheuk Hung, is one of the beneficiaries of a family trust, which indirectly held 48.61% equity interests in Agile Holdings as at 31 December 2023 (at 31 December 2022: 54.75%). The Group's transactions with Agile Holdings and related entities are set out in Note 36.

Gongqingcheng Investment was established under the laws of the PRC. On 26 July 2017, the Company and Gongqingcheng Investment entered into a capital increase agreement, pursuant to which Gongqingcheng Investment shall subscribe for 8,000,000 shares of the Company at a cash consideration of RMB200,000,000. As at 31 December 2023, Gongqingcheng Yagao Investment Management Co., Ltd.* was Gongqingcheng Investment's general partner and Shanghai Yongya Business Consultancy Limited Partnership, Shanghai Yeya Business Consultancy Limited Partnership, Mr. Huang Fengchao（黃奉潮）, Mr. Li Dalong（李大龍）and Mr. Feng Xin（馮欣）were its limited partners.

Except for those mentioned above, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director or supervisor of the Company had interests, whether directly or indirectly, subsisted at the year or at any time during the year.

Consolidated Income Statement

	Year ended 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**15,443,449**	15,378,576	14,080,089	10,026,147	5,127,293
Cost of sales	**(12,797,899)**	(11,994,599)	(10,211,343)	(7,053,112)	(3,244,433)
Gross profit	**2,645,550**	3,383,977	3,868,746	2,973,035	1,882,860
Selling and marketing expenses	**(101,377)**	(93,446)	(141,635)	(77,139)	(43,103)
Administrative expenses	**(841,140)**	(851,665)	(778,131)	(548,295)	(294,976)
Net impairment losses on financial assets	**(534,820)**	(465,623)	(160,181)	(97,406)	(12,236)
Impairment loss on goodwill	**(427,890)**	–	–	–	–
Other income	**190,994**	232,246	178,059	198,515	131,126
Other gains – net	**92,418**	208,634	102,070	17,136	24,484
Operating profit	**1,023,735**	2,414,123	3,068,928	2,465,846	1,688,155
Finance costs	**(20,128)**	(18,565)	(24,888)	(40,358)	(16,348)
Share of post-tax profits of joint ventures and associates	**44,937**	56,393	31,534	62,261	22,635
Profit before income tax	**1,048,544**	2,451,951	3,075,574	2,487,749	1,694,442
Income tax expenses	**(349,811)**	(517,019)	(510,005)	(515,015)	(402,854)
Profit for the year	**698,733**	1,934,932	2,565,569	1,972,734	1,291,588
Profit attributable to:					
– Shareholders of the Company	**460,875**	1,839,601	2,308,458	1,754,411	1,230,764
– Non-controlling interests	**237,858**	95,331	257,111	218,323	60,824
	698,733	1,934,932	2,565,569	1,972,734	1,291,588
Earnings per share (expressed in RMB per share)					
– Basic and diluted earnings per share	**0.32**	1.30	1.67	1.32	0.92

Consolidated Assets, Equity and Liabilities

	As at 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Non-current assets	**7,562,592**	7,400,848	6,770,418	4,874,828	2,563,948
Current assets	**16,487,988**	15,300,866	13,410,959	9,100,125	6,823,567
Total assets	**24,050,580**	22,701,714	20,181,377	13,974,953	9,387,515
Equity and Liabilities					
Total equity	**14,449,131**	14,124,594	12,910,928	8,657,400	6,505,685
Liabilities					
Non-current liabilities	**557,112**	388,985	513,629	452,383	191,678
Current liabilities	**9,044,337**	8,188,135	6,756,820	4,865,170	2,690,152
Total liabilities	**9,601,449**	8,577,120	7,270,449	5,317,553	2,881,830
Total equity and liabilities	**24,050,580**	22,701,714	20,181,377	13,974,953	9,387,515