合景悠活
KWG LIVING

KWG LIVING GROUP HOLDINGS LIMITED

2024 ANNUAL REPORT

Enjoy Life
EVERYWHERE

Incorporated in the Cayman Islands with limited liability   Stock Code: 3913

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Corporate Information and Financial Calendar

Corporate Information

Board of Directors

Executive Directors
KONG Jiannan
YANG Jingbo

Non-executive Director
KONG Jianmin *(Chairman)*

Independent Non-executive Directors
LIU Xiaolan
FUNG Che Wai, Anthony
NG Yi Kum

Audit Committee

LIU Xiaolan
FUNG Che Wai, Anthony
NG Yi Kum *(Chairperson)*

Remuneration Committee

KONG Jiannan
FUNG Che Wai, Anthony
NG Yi Kum *(Chairperson)*

Nomination Committee

KONG Jianmin *(Chairperson)*
FUNG Che Wai, Anthony
NG Yi Kum

Company Secretary

YAU Kam Chuen

Authorised Representatives

KONG Jiannan
YAU Kam Chuen

Auditor

Prism Hong Kong Limited *(formerly known as Prism Hong Kong and Shanghai Limited)*
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal Advisors

As to Hong Kong law: Sidley Austin
As to Cayman Islands law: Conyers Dill & Pearman

Registered Office

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

Principal Place of Business in Hong Kong

Room 1302, 13th Floor,
Harcourt House, 39 Gloucester Road,
Wanchai, Hong Kong

Principal Share Registrar

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

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17/F, Hopewell Centre,
183 Queen's Road East, Wan Chai, Hong Kong

Principal Bankers

Bank of China Limited
China Construction Bank Corporation
China Everbright Bank Co., Limited
China Merchants Bank Co., Limited
Hua Xia Bank Co., Limited
Industrial and Commercial Bank of China Limited
Industrial Bank Co., Limited

Website

www.kwgliving.com

Stock Code

3913

Financial Calendar

Annual results announcement: 27 March 2025

Closure of register of members (for ascertaining shareholders' entitlement to attend and vote at annual general meeting):
29 May 2025 to 3 June 2025 (both days inclusive)

Annual general meeting: 3 June 2025

Corporate Profile

The history of KWG Living Group Holdings Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**", "**we**", "**us**" or "**our**") can be traced back to 2004. Its shares (the "**Shares**") were listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 3913) on 30 October 2020 (the "**Listing Date**").

The Group is a leading full-scale smart service operator in the People's Republic of China ("**PRC**" or "**China**"). Over more than 20 years, the Group has formulated a regional layout with core regions including the Greater Bay Area, Yangtze River Delta and Midwestern China, and its services cover diversified businesses involving residence, shopping malls, office buildings, hospitals, schools, institutions and city services. At the same time, the Group proactively establishes a service system of standardization and scientific technology to continuously improve its services efficiency and service quality enabled by technology, through which it enhances its market position and comprehensive competitiveness year by year.

Looking forward, the Group will fully leverage every industry opportunity to realize the full-scale quality development to further consolidate its scalable effects and market position through proactive developer cooperation, third-party market expansion and mergers and acquisition strategies. On the other hand, through efficient post-investment management, refined operations and leading digital management capabilities, the Group will achieve the collaboration and organic integration of multiple business formats, thereby building a positive cycle of high-quality and high-speed corporate development.

Financial Highlights

	For the year ended 31 December		
	2024 **RMB'000**	2023 RMB'000	Change %
Key financial information			
Revenue	**3,573,469**	3,848,973	(7.2)
Gross profit	**882,658**	1,182,364	(25.3)
(Loss)/profit for the year	**(558,659)**	62,318	(996.5)
Attributable to:			
— Owners of the parent	**(572,282)**	30,303	(1,988.5)
— Non-controlling interests	**13,623**	32,015	(57.4)
(Losses)/earnings per share attributable to ordinary equity holders of the parent			
— Basic (expressed in RMB cents per share)	**(28.25)**	1.50	(1,983.3)
— Diluted (expressed in RMB cents per share)	**(28.25)**	1.50	(1,983.3)

	As at 31 December		
	2024 **RMB'000**	2023 RMB'000	Change %
Total assets	**6,184,524**	6,894,358	(10.3)
Total liabilities	**3,042,413**	3,184,955	(4.5)
Total equity	**3,142,111**	3,709,403	(15.3)

Honours and Awards

The Group's high-quality services and exceptional management have earned widespread recognition from customers and various institutions. An inconclusive list of awards and honours received by the Group in 2024 is as follows:

Award time	Award	Institution
18 April 2024	2024 Leading High-End Property Service Enterprise in China	Beijing China Index Academy (北京中指信息技術研究院)
18 April 2024	2024 Outstanding Commercial Property Management Enterprise in China	Beijing China Index Academy (北京中指信息技術研究院)
18 April 2024	2024 Outstanding Red Property Service Enterprise in China	Beijing China Index Academy (北京中指信息技術研究院)
8 May 2024	2024 TOP 11 of China TOP 100 Property Management Companies in terms of Comprehensive Strengths	China Property Management Think Tank (中物智庫)
8 May 2024	TOP 100 Enterprises of High-quality Property Service in China in 2024	China Property Management Think Tank (中物智庫)
8 May 2024	TOP 20 Residential Property Management Enterprises in China in 2024	China Property Management Think Tank (中物智庫)
8 May 2024	TOP 10 Commercial Property Management Enterprises in China in 2024	China Property Management Think Tank (中物智庫)
8 May 2024	Top 30 Property Management Enterprises in South China in 2024	China Property Management Think Tank (中物智庫)
8 May 2024	2024 China Benchmark Property Services Project: KWG • Richmond Greenville	China Property Management Think Tank (中物智庫)
17 May 2024	2024 Top 100 China's Property Management Enterprises in terms of Brand Value	China Property Management Research Institution, CRIC Property Management (克而瑞)
17 May 2024	TOP 20 Enterprises in terms of High-end Property Services Capabilities in China in 2024	China Property Management Research Institution, CRIC Property Management (克而瑞)
17 May 2024	TOP 20 Commercial Property Management Companies in terms of Services Capabilities in China in 2024	China Property Management Research Institution, CRIC Property Management (克而瑞)
17 May 2024	2024 Leading Enterprise in Property Service Customer Satisfaction	China Property Management Research Institution, CRIC Property Management (克而瑞)
17 May 2024	2024 Leading Smart Community Service Enterprise	China Property Management Research Institution, CRIC Property Management (克而瑞)

Honours and Awards

Award time	Award	Institution
17 May 2024	TOP 30 China Property Management Brands and Companies in South China in 2024	China Property Management Research Institution, CRIC Property Management (克而瑞)
17 May 2024	2024 Top 100 China's Property Management Enterprises in terms of Brand Value	China Property Management Research Institution, CRIC Property Management (克而瑞)
17 May 2024	TOP 20 Enterprises in terms of High-end Property Services Capabilities in China in 2024	China Property Management Research Institution, CRIC Property Management (克而瑞)
23 May 2024	TOP 11 Comprehensive Capability of China Property Enterprises in 2024	EH Research (億翰智庫)
23 May 2024	2024 Benchmark Red Property Service Enterprise	EH Research (億翰智庫)
23 May 2024	2024 Benchmark Smart Property Service Enterprise	EH Research (億翰智庫)
23 May 2024	2024 Benchmark Enterprise for Competitive Property Services in South China	EH Research (億翰智庫)
13 June 2024	2024 TOP 11 of TOP 20 Listed Property Management Enterprises in China	China Property Management Think Tank (中物智庫)
13 June 2024	2024 Best ESG Practices for Listed Property Enterprises	China Property Management Think Tank (中物智庫)
15 August 2024	2024 ESG Rating-BBB for Chinese Property Enterprises	EH Research (億翰智庫)
15 August 2024	2024 Top 11 Listed Property Enterprises	EH Research (億翰智庫)
22 August 2024	TOP 500 Property Management Companies in China in terms of Comprehensive Strength in 2024-TOP 12	CRIC Property Management (克而瑞)
22 August 2024	2024 Leading Residential Property Service Companies in China	CRIC Property Management (克而瑞)

Award time	Award	Institution
22 August 2024	Leading High-End Property Service Enterprise	CRIC Property Management (克而瑞)
22 August 2024	Leading Commercial Property Service Enterprise	CRIC Property Management (克而瑞)
22 August 2024	Leading Smart Property Service Enterprise	CRIC Property Management (克而瑞)
22 August 2024	2024 China Property Management Excellence Benchmarking Project-Beijing KWG	CRIC Property Management (克而瑞)
22 August 2024	2024 China Property Management Excellence Benchmarking Project-Chengdu Skyville	CRIC Property Management (克而瑞)
16 November 2024	2024 Top 11 in Service Capability Among Chinese Property Enterprises	EH Research (億翰智庫)
16 November 2024	2024 Benchmark Commercial Property Service Project-Guangzhou ICP (North Tower)	EH Research (億翰智庫)
16 November 2024	2024 Pioneer Property Enterprise for Residential Asset Value Retention in Suzhou	EH Research (億翰智庫)
16 November 2024	2024 Top Employer Brand for University Graduates in the Property Industry	EH Research (億翰智庫)
3 December 2024	2024 Top 100 Property Enterprises in Brand Influence	China Property Management Think Tank (中物智庫)
3 December 2024	2024 Top 10 Public Property Service Brands in Shanghai-Shanghai Shenqin Property Management Service Co., Ltd.	China Property Management Think Tank (中物智庫)
12 December 2024	2024 Top 100 Property Service Enterprises in the Greater Bay Area	CRIC Property Management (克而瑞)
12 December 2024	2024 Top 20 Residential Property Service Enterprises in the Greater Bay Area	CRIC Property Management (克而瑞)
12 December 2024	2024 Top 5 Commercial Property Service Enterprises in the Greater Bay Area	CRIC Property Management (克而瑞)

Chairman's Statement

We will continue to advance the service capability of business diversity in cities, focus on constructing economic ecology with partners, and stress on the continuous optimization of customer service experience. By providing customers with a more "Intelligent and Pleasant" experience, the Company will move from full business coverage to full ecological operation, creating sustainable value for its shareholders.

Dear Shareholders,

Thanks for your continued support for the Group's development, I am pleased to present the business review and outlook of the Group for the year ended 31 December 2024.

In 2024, the development of the property service industry in China encountered multiple variables. Macroeconomic growth slowed down, and it would take time to restore residents' confidence in consumption. Coupled with the demographic changes and the bottlenecks in the operational efficiency of stock assets, the industry was generally posed with a dual pressure of the "rigid price constraints on basic services" and the "continued rise in the costs of labor and energy". On the consumption side, residents' willingness to pay for value-added services was still subject to their disposable income. On the competition side, industry concentration accelerated its pace, and price competition was intensified by some companies competing for market share, which further diluted profitability. As such, property service companies need to strike a finer balance among operational efficiency, quality assurance and financial soundness. Industry differentiation may continue to increase accordingly.

Currently, "high-quality development" has become the comprehensive requirements and goal orientation of the property service industry. High-quality development also implies that the development of the property service industry has shifted the paradigm from "whether it has" to "whether it is good" in view of services. In order to meet the goal of "high-quality development", the Group appropriately adjusted its development strategy, shifting from scale-first approach to effectiveness-first approach by proactively closing down projects with low returns and difficult management. At the same time, the Group placed greater emphasis on organic growth by streamlining its organisational structure, enhancing regional service density and implementing management standards to cope with the challenge of the downward trend of volatile gross profit margin. During the year ended 31 December 2024, the Group achieved a revenue of approximately RMB3,573.5 million, of which the proportion of revenue from third parties increased from 82.9% in 2023 to 88.6% in 2024. During the year ended 31 December 2024, the Group achieved gross profit of approximately RMB882.7 million and gross profit margin of approximately 24.7%.

From the demand side, as the demand for property services is inelastic, the market stock data is considerable. From the perspective of market development trend, only professional and high-quality property services can help enterprises outperform the market peers amid competition. In 2024, the Group continued to focus on the development of its advantageous regions and businesses, and expand its business presence centering on higher-tier cities. It swapped projects from risky ones in an orderly manner, while enhancing the operation quality of its existing projects, so as to further optimize its organizational structure, and reduce costs and enhance efficiency. Besides, the Group actively fulfilled its social corporate responsibility to safeguard the high quality of life of home owners.

1. Focusing on business presence with high potential and deeply engaging in underlying advantageous projects

According to the "Research Report on China's Property Service Price Index 2024" issued by the China Index Academy, the property service industry remained its steady momentum of development amidst a complex and volatile market condition in 2024. In particular, property service prices in twenty key cities across the country demonstrated notable stability. This fully reflects the fact that customer groups in key cities or regions have a higher degree of recognition and acceptability on property services than in other regions. From a deeper perspective, the level of economic development in key cities, the spending power of residents and their pursuit of a high quality of life have all contributed to the maturity and stability of the property service market in these regions. This market pattern is highly in line with the Group's long-pursuing market development strategy of focusing on core regions and core cities.

The Group has always been keenly perceiving market trends and precisely seizing opportunities in the industry, and is firmly committed to providing high-quality and professional property services to its customers by focusing on business development in core regions. As at 31 December 2024, the Group had presence in 133 cities across 21 provinces, autonomous regions and municipalities directly under the central government of the PRC. In terms of regional distribution of the number of projects under the Group's management, as at 31 December 2024, approximately 56.6% of the projects under the Group's management were located in the Greater Bay Area and the Yangtze River Delta region. In terms of the revenue side, revenue from the Greater Bay Area and the Yangtze River Delta Area accounted for approximately 65.2% of the total revenue of the Group for the year ended 31 December 2024.

2. Policy-driven recovery of consumption benefiting the performance of commercial operations

Consumption and investment accelerated their pace in 2024. With the launch of a series of policies actively encouraged by various government departments in different regions to expand domestic demand and promote consumption, the demand for service consumption has continued to be unleashed under the impetus of promotion of new hotspots. According to the National Bureau of Statistics of China, the retail sales of consumer goods in Chinese urban areas, including cities and towns, amounted to approximately RMB42,116.6 billion in 2024, representing a year-on-year increase of approximately 3.4%. In particular, driven by the consumer goods trade-in policy, the retail sales of commercial goods including household electrical appliances and audio-visual equipment, furniture, automobiles, and construction and decoration materials by units above the quota in the fourth quarter of 2024 collectively drove the growth of total retail sales of consumer goods by approximately 1 percentage point.

Driven by precise and effective policies, market demand has been boosted and consumption potential stimulated, enabling enterprises to expand their business footprint and make steady progress in the complex and volatile market conditions. Meanwhile, the leasing and sales market of commercial properties were benefited with a recovery. For the year ended 31 December 2024, the overall customer traffic of shopping centers under management of the Group rose by approximately 1.7% year-on-year. In order to capitalize on the opportunities arising from the recovery, and to actively respond to and fully satisfy the needs of tenants and mass consumers, the Group has designated brand building and reputation building as a key strategic focus. Taking The Summit Ufun World, Guangzhou as an example, the Group's commercial operations team, with its pioneering and innovative vision, has continued to push forward with a series of well-designed consumption scenarios and thematic events with distinctive themes, rich contents and attractive features, bringing consumers a refreshing and unique consumption experience. In October 2024, by integrating both online and offline marketing channels, the Group's commercial operations team launched the sixth anniversary event of The Summit Ufun World, Guangzhou with themes such as fire pot, an intangible cultural heritage, cuisine, dancing and drama performance. Targeting parent-child families as the major customer group and customers in a coverage area within 3 kilometres in the vicinity, a year-on-year increase of 46.0% in sales and a year-on-year increase of 62.0% in average daily customer traffic are recorded during the event, which hit a new high since its opening.

3. Laying solid foundation for service quality and resilient growth

Upholding a heightened sense of responsibility and mission as always, the Group places quality operations at the forefront of its strategic development and adheres to practicing the concept of service excellence. During 2024, the Group made continuous efforts and precise measures in four key areas, namely staff quality, service standards, customer satisfaction and operational efficiency, in an endeavor to create a comfortable, safe and aesthetically pleasing living and working environment for owners.

In respect of staff quality enhancement, based on the competency model and focusing on key business scenarios, the Group helped frontline staff to continuously enhance their professionalism and service capabilities by organising lecture classes of professional instructors, housekeeping training, project manager training and other diversified methods. In the process of standardization of service norms, the Group put efforts in consolidating the development of systems to lay a solid foundation for service standardization. During 2024, comprehensive and detailed revisions and improvements were made to the systems of comprehensive quality inspection, report management and incidental maintenance in relation to the key aspects of quality operation, providing clearer and more definite standard guidelines for employees and promoting the development of service processes towards standardization and refinement. In terms of the enhancement of customer service satisfaction, the Group continued to optimize the mechanism of customer service satisfaction survey. During 2024, the Group's large operation center conducted four customer surveys covering 17,000 samples from 123 projects under management and recorded a comprehensive satisfaction rate of approximately 96.8%. In respect of the improvement of operational efficiency, the Group actively applied digital means to strengthen the closed-loop control of the work order system, procurement system, car park management system and intelligent payment system. It formulated a quality monitoring and inspection mechanism of "artificial intelligence (AI)-driven discovery + integrated product control by assessment with photo capture three times a day + semi-annual video inspection", which effectively enhanced operational efficiency and management level.

4. Practicing sustainable development to empower the urban future

Environmental, Social and Governance ("**ESG**"), as a key guideline for enterprises to achieve high-quality development, is increasingly becoming a core driver for the development of the industry. Pursuing a heightened sense of responsibility and mission as always, the Group integrated ESG strategies into every aspect of its corporate development, making steadfast strides in its direction of green, harmonious and sustainable development.

In terms of energy saving and emission reduction, the Group controlled nitrogen oxides and sulphur oxides emissions in the past year by controlling the frequency of vehicle use to mitigate vehicle emissions, and reducing the use of gas in project canteens, among other measures. In addition, through optimizing hazardous waste management measures and implementing cost reduction and energy saving control, the generation of hazardous waste such as batteries, fluorescent lamps and light bulbs decreased year-on-year.

In terms of social responsibility, the Group regards employees as its most valuable asset and protects their rights and interests in all aspects. Accordingly, the Group provides employees with ample learning and growth opportunities through a diversified training system. In 2024, the cumulative number of viewers of our professional live lecture, "KWG Living Class", exceeded 60,000, with a course satisfaction rate of approximately 96.5%. All-round career promotion channels and competitive remuneration and benefit package system have greatly stimulated the motivation and creativity of employees. Employee engagement research showed that the Group's employee engagement score for 2024 was approximately 87.6%, representing an increase of approximately 5 percentage points from last year.

At the corporate governance level, the Group has always deeply integrated ESG concepts into strategic decision-making and daily operations. The audit committee of the Company (the "**Audit Committee**") is authorised by the board (the "**Board**") of directors (the "**Director(s)**") of the Company to assist in ESG governance. Its duties include reviewing the ESG policies and practices, assessing environmental and social risks, overseeing the implementation of sustainable development goals, and making strategic recommendations to the Board. Meanwhile, the Group has continued to enhance ESG transparency and systematically disclose the progress of key initiatives such as carbon reduction paths and community building through channels such as annual ESG reports and investor engagement meetings, so as to proactively respond to stakeholders' expectations.

5. Future Outlook

Looking into 2025, the property management industry is heading towards a new era of "value reconstruction". On the policy side, the standardization of basic services and the differentiation of value-added services will accelerate the segmentation of the industry. On the demand side, the deepening of the operation of stock assets, smart city governance and the aging society will create enormous market opportunities, while posing unprecedented challenges to enterprises.

Though it is hard to pan ten thousand times, gold will finally be found after blowing away the wild sands of tons. Thanks to the ongoing support and trust of all the shareholders of the Company (the "**Shareholder(s)**") and ecological partners, we firmly believe that only by rooting in service itself and overcoming the cyclical fluctuations will we be able to repay the trust. The Group will forge resilience in lean operation and seize opportunities in an open ecosystem, and partner with our Shareholders, customers and employees to embrace a cosy and more efficient and sustainable future.

Management Discussion and Analysis

Business Review

In 2024, the property management industry in the PRC was confronted with the challenges of, among others, sluggish market growth, rising costs and higher demand for service upgrades. As industry consolidation intensified and policy regulation became more stringent, property management enterprises had to enhance operational efficiency, promote the application of intelligent properties, optimise cost control and expand value-added services to strengthen their core competitiveness. Over the past year, the Group promoted service upgrade and structural transformation through refined management, in a bid to enhance home owners' satisfaction, ensure high-quality development and reinforce its market position during the industry adjustment period.

Steady Growth of the Residential Property Segment

For the year ended 31 December 2024, the Group's residential property segment reported revenue of approximately RMB1,769.2 million, representing a year-on-year growth of approximately 1.4%. The revenue from pre-sale management services and value-added services fell as a result of the pressure encountered by the real estate industry in the PRC which led to a decrease in the number of residential property sales offices under the Group's management. Nonetheless, residential property management services grew steadily by 9.2% year-on-year, mainly driven by the steady expansion of the scale of projects under management of the Group during the year ended 31 December 2024 and the ongoing improvement in service quality which accordingly further promoted the Group's brand reputation and increased the market demand for the Group's services. During the year ended 31 December 2024, the Group acquired new projects under management through market-oriented expansion, and strengthened the management of its existing projects to optimise operational efficiency and enhance home owners' satisfaction, thereby driving a robust growth in management fee income.

Strategic Contraction of the Non-residential Property Segment

In the past year, the domestic economy continued to be under pressure with particularly distinct challenges in the urban services sector. Specifically, these challenges included the mounting pressure on profitability due to price competition in the market and the increasing difficulties in fee collection posed by the slower pace of financial payment, which affected the stability of cash flow. In view of the pressure on profitability and changes in the market environment encountered by the urban services business, the Group decided to carry out strategic contraction by adopting a more prudent approach to commencing business in regions facing fiscal pressure and selecting sub-sector businesses in the non-residential property segment on a more stringent basis. By optimising asset allocation and adjusting business structure, the Group will place greater emphasis on the management of cost-effective projects, striving to raise the overall profitability and return on capital. This will further strengthen the Group's core competitiveness and lay a stronger foundation for sustainable development in the future. For the year ended 31 December 2024, the Group's non-residential property segment recorded revenue of approximately RMB1,804.3 million, down 14.3% year-on-year, which was mainly due to the strategic contraction of the urban services business.

Further Improvement in Independence

During the year ended 31 December 2024, the Group continued to actively pursue the expansion of third-party projects to further enhance the market-oriented capabilities and operational independence of its businesses. For the year ended 31 December 2024, among the total revenue of the Group, revenue from independent third parties accounted for approximately 88.6%, representing an increase of approximately 5.7 percentage points as compared to 2023. In recent years, the Group gradually reduced its reliance on the business of a single related-party customer and focused on expanding its business development in independent markets. As such, revenue from independent third parties accounted for approximately 63.1%, 78.6%, 82.9% and 88.6% in 2021, 2022, 2023 and 2024, respectively, demonstrating a momentum of year-on-year growth. Through a diversified customer structure and extensive market layout, we maintained market-oriented operation and independence in project acquisition and service delivery, and reduced our reliance on the businesses of related parties. The Group has been committed to enhancing its brand influence and market competitiveness, continuously expanding external customer resources and propelling business growth, with a view to achieving stable and independent operation as well as sustainable development in the long run.

Reducing Cost and Increasing Efficiency to Optimise Operation

The Group continued to implement measures to reduce costs and increase efficiency, and effectively lowered its administrative expenses rate by adopting measures such as optimizing its organisational structure, enhancing management efficiency and promoting digital application. During the year ended 31 December 2024, the administrative expenses of the Group declined by 7.1% year-on-year. The Group optimised its organisational structure to strengthen cost control, and utilized intelligent systems to optimise internal processes and reduce discretionary spending. In addition, centralised procurement and resource coordination were strengthened to boost operational synergies, thereby realising refined management and improving operational capabilities on an ongoing basis.

Business Model

The Group generates revenue primarily from two principal business segments: (i) residential property management services; and (ii) non-residential property management and commercial operational services.

Residential Property Management Services

The Group provides various residential property management services to meet the needs of households and residents in the community under different daily-living scenarios, including:

- pre-sale management services such as cleaning, security and maintenance services for pre-sale display units and sales offices to property developers during their pre-sale activities. The Group charges a fixed service fee for such services;

- property management services such as cleaning, security, gardening and repair and maintenance services to (i) property developers for the undelivered portion of the properties; and (ii) property owners, property owners' associations or residents for properties sold and delivered. The Group collects property management fees for such services; and

- community value-added services such as (i) home-living services — the provision of a wide range of services catered to the personalised needs of owners through the integration of industrial and ecological resources; (ii) property agency services — property agency services provided to property owners, residents and property developers; and (iii) common area value-added services — aiming to provide daily-living convenience to property owners and residents and enhance the owners' sense of pleasant accommodation by utilising the community space. The Group typically charges a commission-based fee or a fixed fee depending on the nature of services rendered.

Non-residential Property Management and Commercial Operational Services

The Group manages and operates a diversified portfolio of non-residential properties, provides property management and commercial operational services to commercial properties such as shopping malls, office buildings and industrial parks, and provides property management services to schools, hospitals, government authorities and other public properties. The Group's services include:

- pre-sale management services such as cleaning, security and maintenance services for pre-sale display units and sales offices to property developers. The Group charges a fixed service fee for such services;

- property management services such as file management, cleaning, security, gardening and repair and maintenance services to property owners or tenants. The Group charges property management fees for such services;

  — property management services for commercial properties: the Group charges property management fees for property management services provided to commercial properties (including shopping malls and office buildings);

  — public property services and urban services: the Group charges corresponding management fees for property management services provided to public properties (including schools, hospitals, government authorities, industrial parks and transportation hubs) and for urban cleaning services provided to urban spaces (including urban roads and rivers);

- commercial operational services such as preliminary planning and consultancy services, tenancy sourcing services, tenancy management services and marketing and promotion services to property owners and property developers. The Group typically charges (i) a commission-based fee with respect to the operation of shopping malls; (ii) a profit mark-up on top of the costs with respect to the operation of office buildings; and (iii) a fixed service fee on a per square metre basis for its preliminary planning and consultancy services and tenancy sourcing services; and

- other value-added services such as primarily common area value-added services. The Group typically charges a commission-based fee or a fixed fee depending on the nature of services rendered.

Breakdown of the Total Revenue by Business Segments and Regions

The table below sets forth the breakdown of the Group's total revenue by business segments for the periods indicated:

	Year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Residential property management services				
Pre-sale management services	82,549	2.3	180,978	4.7
Property management services	1,464,528	41.0	1,340,910	34.8
Community value-added services	222,099	6.2	222,179	5.8
Sub-total	1,769,176	49.5	1,744,067	45.3
Non-residential property management and commercial operational services				
Pre-sale management services	22,127	0.6	24,159	0.6
Property management services				
— Commercial properties	361,583	10.1	465,062	12.1
— Public property and urban area	1,259,631	35.3	1,365,659	35.5
Commercial operational services	55,876	1.6	121,059	3.1
Other value-added services	105,076	2.9	128,967	3.4
Sub-total	1,804,293	50.5	2,104,906	54.7
Total	3,573,469	100.0	3,848,973	100.0

Residential Property Management Services

For the year ended 31 December 2024, the Group's revenue from the residential property management services segment increased by 1.4% year-on-year to approximately RMB1,769.2 million from approximately RMB1,744.1 million for the same period in 2023. The revenue growth was primarily driven by the steady expansion of the scale of projects under management and ongoing improvement in service quality which accordingly further promoted the Group's brand reputation and increased the market demand for the Group's services. In particular, the revenue from property management services of the residential property segment in 2024 was approximately RMB1,464.5 million, representing a year-on-year increase of approximately 9.2%. Nonetheless, the revenue from pre-sale management services and other value-added services recorded a year-on-year decrease during the year ended 31 December 2024, which was mainly due to the decrease in the number of residential property sales offices under the Group's management and the decrease in revenue from community value-added services in the residential segment as a result of the pressure on the real estate market.

The Group continued to focus on core cities as well as potential markets, and continued to push forward its strategy of in-depth development in key regions. With precise site selection and project screening, we have made significant progress in a number of strategic regions, optimised resource allocation and improved the concentration of project management and service quality. For the year ended 31 December 2024, approximately 59% of the Group's residential property management services segment revenue were derived from the Greater Bay Area and the Yangtze River Delta region, representing a year-on-year increase of 1.7 percentage points.

The table below sets forth a breakdown of the Group's total revenue generated from residential property management services for the periods indicated by regions:

	Year ended 31 December			
	2024		2023	
	Revenue (RMB'000)	**%**	Revenue (RMB'000)	%
Greater Bay Area	**699,190**	**39.5**	661,611	37.9
Yangtze River Delta[(1)]	**345,004**	**19.5**	337,820	19.4
Midwest China and Hainan[(2)]	**638,455**	**36.1**	655,816	37.6
Bohai Economic Rim[(3)]	**86,527**	**4.9**	88,820	5.1
Total	**1,769,176**	**100.0**	1,744,067	100.0

Notes:

(1) Include Shanghai Municipality, Zhejiang Province, Anhui Province and Jiangsu Province.

(2) Include Sichuan Province, Yunnan Province, Hubei Province, Hunan Province, Jiangxi Province, Guangxi Zhuang Autonomous Region, Guizhou Province, Henan Province, Fujian Province, Hainan Province, Xinjiang Uygur Autonomous Region and Chongqing Municipality.

(3) Include Beijing Municipality, Tianjin Municipality and Shandong Province.

Non-residential Property Management and Commercial Operational Services

For the year ended 31 December 2024, the Group's revenue from non-residential property management and commercial operational services segment decreased by approximately 14.3% year-on-year to approximately RMB1,804.3 million from approximately RMB2,104.9 million for the same period in 2023. The decrease was mainly due to the Group's decision to carry out strategic contraction by adopting a more prudent approach to commencing business in regions facing fiscal pressure and selecting sub-sector businesses in the non-residential property segment on a more stringent basis in view of the pressure on profitability and changes in the market environment encountered by the urban services business.

For the year ended 31 December 2024, the scales of revenue in various regions shrank to varying extent. The decrease was largely due to the strategic contraction of the urban services business and the adjustment of commercial terms from a lump sum basis to a commission basis for some of the commercial property projects managed by the Group.

The table below sets forth a breakdown of the Group's total revenue generated from non-residential property management and commercial operational services as of the periods indicated by regions:

	Year ended 31 December			
	2024		2023	
	Revenue (RMB'000)	**%**	Revenue (RMB'000)	%
Greater Bay Area	**745,984**	**41.3**	932,786	44.3
Yangtze River Delta[1]	**539,817**	**29.9**	619,988	29.5
Midwest China and Hainan[2]	**251,613**	**14.0**	285,085	13.5
Bohai Economic Rim[3]	**266,879**	**14.8**	267,047	12.7
Total	**1,804,293**	**100.0**	2,104,906	100.0

Notes:

(1) Include Shanghai Municipality, Zhejiang Province, Anhui Province and Jiangsu Province.

(2) Include Sichuan Province, Chongqing Municipality, Hubei Province, Hunan Province, Henan Province, Shaanxi Province, Jiangxi Province, Yunnan Province, Guizhou Province, Guangxi Zhuang Autonomous Region and Hainan Province.

(3) Include Beijing Municipality, Tianjin Municipality and Shandong Province.

Financial Review

Revenue

The Group derived its revenue from two business segments, namely the residential property management service segment and non-residential property management and commercial operational service segment.

The table below sets forth the breakdown of revenue of the Group by business segments for the periods indicated:

	Year ended 31 December			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Residential property management services	**1,769,176**	**49.5**	1,744,067	45.3
Non-residential property management and commercial operational services	**1,804,293**	**50.5**	2,104,906	54.7
Total	**3,573,469**	**100.0**	3,848,973	100.0

Residential Property Management Services

The following table sets forth a breakdown of the Group's revenue from residential property management services by service line for the periods indicated:

	Year ended 31 December			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Pre-sale management services	**82,549**	**4.7**	180,978	10.4
Property management services	**1,464,528**	**82.8**	1,340,910	76.9
Community value-added services	**222,099**	**12.5**	222,179	12.7
Total	**1,769,176**	**100.0**	1,744,067	100.0

Pre-sale Management Services

Revenue generated from pre-sale management services under the Group's residential property management service segment decreased from approximately RMB181.0 million in 2023 to approximately RMB82.5 million in 2024. This decrease was primarily due to the decrease in the number of sales offices of residential properties under the Group's management, as a result of the continuous downturn of the real estate market in the PRC.

Property Management Services

Revenue generated from property management services under the Group's residential property management service segment increased from approximately RMB1,340.9 million in 2023 to approximately RMB1,464.5 million in 2024. This increase was primarily due to the increase in the Group's gross floor area under management for residential properties during the year ended 31 December 2024.

Community Value-added Services

Revenue generated from community value-added services under the Group's residential property management service segment slightly decreased from approximately RMB222.2 million in 2023 to approximately RMB222.1 million in 2024.

Non-residential Property Management and Commercial Operational Services

The following table sets forth a breakdown of the Group's revenue from non-residential property management and commercial operational services by service line for the periods indicated:

	Year ended 31 December			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Pre-sale management services	**22,127**	**1.2**	24,159	1.1
Property management services	**1,621,214**	**89.9**	1,830,721	87.0
Commercial operational services	**55,876**	**3.1**	121,059	5.8
Other value-added services	**105,076**	**5.8**	128,967	6.1
Total	**1,804,293**	**100.0**	2,104,906	100.0

Pre-sale Management Services

Revenue generated from pre-sale management services under the Group's non-residential property management and commercial operational service segment decreased from approximately RMB24.2 million in 2023 to approximately RMB22.1 million in 2024. This decrease was primarily due to the decrease in the number of sales offices of non-residential properties under the Group's management during the year ended 31 December 2024.

Property Management Services

Revenue generated from property management services under the Group's non-residential property management and commercial operational service segment decreased from approximately RMB1,830.7 million in 2023 to approximately RMB1,621.2 million in 2024. The decrease was largely due to the strategic contraction of the urban services business and the adjustment of commercial terms from a lump sum basis to a commission basis for some of the commercial property projects managed by the Group during the year ended 31 December 2024.

Commercial Operational Services

Revenue generated from commercial operational services under the Group's non-residential property management and commercial operational service segment decreased from approximately RMB121.1 million in 2023 to approximately RMB55.9 million in 2024. Such decrease was primarily due to the decrease in the number of shopping centres at preparation stage to which the Group provided preliminary planning and consultancy services during the year ended 31 December 2024.

Other Value-added Services

Revenue generated from other value-added services under the Group's non-residential property management and commercial operational service segment decreased from approximately RMB129.0 million in 2023 to approximately RMB105.1 million in 2024. The decrease was mainly due to the weak macroeconomic environment, leading to a decrease in customers' demand for valued-added services. Such decrease includes the decrease in site utilisation fees, escort fees and promotion fees.

Cost of Sales

The Group's cost of sales represents costs and expenses directly attributable to the provision of its services, which comprises (i) labor costs; (ii) subcontracting costs; (iii) utilities costs; (iv) office expenses; (v) cleaning expenses; (vi) rent and management fees for staff dormitory and car parks; (vii) security expenses; and (viii) others. For the year ended 31 December 2024, the total cost of sales of the Group was approximately RMB2,690.8 million, which was slightly increased by approximately RMB24.2 million or 0.9% as compared to approximately RMB2,666.6 million for the year ended 31 December 2023. During the year ended 31 December 2024, economic recovery continued to be slow and competition in the property management industry intensified. Additional costs were incurred in order to improve the service quality of the Group and enhance customers' satisfaction.

Gross Profit and Gross Profit Margin

As a result of the foregoing, during the year ended 31 December 2024, the gross profit of the Group decreased by approximately RMB299.7 million or 25.3% to approximately RMB882.7 million in 2024 from approximately RMB1,182.4 million in 2023. The Group reported gross profit margin of 24.7% for the year ended 31 December 2024 (2023: 30.7%).

Other Income and Gains

The other income and gains of the Group increased by approximately RMB74.8 million or 160.9% to approximately RMB121.3 million in 2024 from approximately RMB46.5 million in 2023, and mainly comprised provision for compensation on profit guarantee in relation to acquisition made in prior years in accordance with the terms of the relevant agreements of approximately RMB96.5 million and government grants of approximately RMB7.4 million for the year ended 31 December 2024.

In respect of the provision for compensation on profit guarantee mentioned above, it relates to the acquisition of 50% equity interest in Guangdong Telijie Environment Engineering Company Limited (廣東特麗潔環境工程有限公司) ("**Guangdong Telijie**") as disclosed in the announcement of the Company dated 10 January 2022 (the "**Acquisition Announcement**"). As at 31 December 2024, based on the unaudited management accounts of Guangdong Telijie currently available to the Company, the accumulated net profit before non-recurring items for the three years ended 31 December 2024 of Guangdong Telijie was approximately RMB61.4 million, which was less than the Guaranteed Net Profit (as defined in the Acquisition Announcement) of RMB109.2 million. Pursuant to the terms of the equity transfer agreement, there was no option for the Company to sell Guangdong Telijie back to the vendors if the profit guarantee is not met. Instead, the vendors shall compensate to the Company approximately RMB96.5 million if based on the unaudited management account of Guangdong Telijie.

As the profit specific audit report of Guangdong Telijie for the year ended 31 December 2024 is not yet available, the provision for the compensation receivable is only an estimate based on the management accounts of Guangdong Telijie currently available to the Company, and may be subject to change. The Company will disclose any updates on the final amount of the compensation receivable and whether the vendors have fulfilled their obligations in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as appropriate.

Administrative Expenses

Administrative expenses mainly consist of (i) salaries and allowances for the Group's administrative and management personnel; (ii) depreciation and amortisation costs; and (iii) office expenses. For the year ended 31 December 2024, the administrative expenses of the Group were approximately RMB471.6 million, which decreased by approximately RMB35.8 million or 7.1% as compared to approximately RMB507.4 million for the year ended 31 December 2023. Such decrease was mainly due to the decrease in amortisation costs in 2024 in relation to certain intangible assets of subsidiaries acquired in previous years, which had been fully amortised in 2023. In addition, the decrease in administrative expenses also reflected the Group's continuous improvement in management efficiency.

Other Expenses, Net

For the year ended 31 December 2024, the other expenses of the Group was approximately RMB1,050.0 million (2023: approximately RMB548.2 million) and mainly comprised impairment losses on trade receivables and impairment losses on goodwill of approximately RMB279.8 million and RMB630.0 million, respectively. The increase in impairment losses on goodwill was mainly due to certain contracts of certain subsidiaries acquired by the Group in previous years could not be renewed as a result of intense market competition. The expansion of new customers base of these subsidiaries also fell short of expectations, which coupled with the increase in cost for service quality enhancements, led to a decrease in revenue and profits for such subsidiaries. On the other hand, after taking into consideration of the credit risk and market environment, the Group had recorded appropriate impairment provisions for trade receivables in view of the continuous downturn of the real estate market in the PRC during the year ended 31 December 2024 which led to slow pace of recovery of trade receivables.

Income Tax
For the year ended 31 December 2024, the income tax expenses of the Group was approximately RMB9.7 million (2023: approximately RMB77.7 million).

Net (Loss)/Profit
As a result of the foregoing, the Group recorded a net loss of approximately RMB558.7 million for the year ended 31 December 2024, as compared with the net profit of approximately RMB62.3 million for the year ended 31 December 2023.

Financial Position and Capital Structure

Total Assets, Total Liabilities and Current Ratio
As at 31 December 2024, the total assets of the Group was approximately RMB6,184.5 million (as at 31 December 2023: approximately RMB6,894.4 million), and the total liabilities was approximately RMB3,042.4 million (as at 31 December 2023: approximately RMB3,185.0 million). As at 31 December 2024, the current ratio of the Group was 1.84 (as at 31 December 2023: 1.82).

Cash and Cash Equivalents
As at 31 December 2024, the Group's cash and cash equivalents amounted to approximately RMB1,145.6 million, representing a decrease of approximately 20.6% as compared with approximately RMB1,442.9 million as at 31 December 2023. The decrease was mainly due to the slow pace of recovery of trade receivables, and the repayments of principals of certain interest-bearing bank and other borrowings. All of the Group's cash and cash equivalents were denominated in RMB except for approximately RMB99.0 million and RMB30.5 million which were denominated in HKD and USD, respectively.

Borrowings and Charges on the Group's Assets
As at 31 December 2024, the Group's total borrowings were approximately RMB524.1 million (as at 31 December 2023: approximately RMB637.0 million). Amongst which, approximately RMB126.3 million will be repayable within 1 year and approximately RMB397.8 million will be repayable between 2 and 5 years. The Group's bank and other loans were secured by trade receivables, other receivables and property, plant and equipment of the Group with total carrying value of approximately RMB148.7 million, and equity interest of a subsidiary of the Group. All the Group's bank and other loans were denominated in RMB. All of the Group's bank and other loans were charged at floating interest rates except for loan balance of approximately RMB507.6 million which were charged at fixed interest rates of 5.48% to 8.70% per annum as at 31 December 2024.

Trade Receivables
The Group's trade receivables mainly represent receivables from residential property management services and non-residential property management and commercial operational services. The Group's trade receivables as at 31 December 2024 amounted to approximately RMB2,783.6 million, representing an increase of approximately RMB342.4 million or 14.0% as compared to approximately RMB2,441.2 million as at 31 December 2023. Due to the continuous downturn of the real estate market in the PRC during the year ended 31 December 2024 and the significant changes in the market environment including weakened demand and downward pressure on housing prices which posed difficulties on the overall business environment, the pace of recovery of trade receivables continued to be slow. At the same time, the Group had made appropriate impairment provisions during the year ended 31 December 2024.

Trade Payables

The Group's trade payables as at 31 December 2024 amounted to approximately RMB609.0 million, representing an increase of approximately RMB74.2 million or 13.9% as compared to approximately RMB534.8 million as at 31 December 2023. In order to improve the efficiency of working capital, the Group actively negotiated with certain third-party suppliers to extend the term of payment, resulting in an increase in trade payables as at 31 December 2024.

Gearing Ratio

The Group's gearing ratio is calculated by dividing the net debt (total debt net of cash and cash equivalents and restricted cash) by total equity. As the Group was in a net cash position as at 31 December 2024 and 2023, the gearing ratio was not applicable to the Group.

Contingent Liabilities

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

Foreign Exchange Risk

The Group mainly operates in the PRC and most of its operations are denominated in RMB. The Group will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into currency swap arrangement as and when appropriate for hedging corresponding risks. During the year ended 31 December 2024, the Group had not engaged in hedging activities for managing foreign exchange rate risk.

Corporate Governance Report

Corporate Governance

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. During the year ended 31 December 2024, the Company has applied the principles of good corporate governance and complied with the code provisions as set out in the Corporate Governance Code contained in Part 2 to Appendix C1 (the "**CG Code**") to the Listing Rules, save for the deviation for reasons set out below. The Company will continue to review and monitor its corporate governance practices to ensure the compliance of the CG Code.

Code provision C.1.6 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and code provision F.2.2 of the CG Code stipulates that the chairman of the Board (the "**Chairman**") should attend the annual general meeting. Mr. KONG Jianmin, a non-executive Director and the Chairman, was unable to attend the annual general meeting of the Company convened and held on 5 June 2024, due to his other engagements. In the absence of Mr. KONG Jianmin from the annual general meeting, Mr. KONG Jiannan, an executive Director, acted as the chairman of the annual general meeting to ensure an effective communication with the Shareholders. Mr. KONG Jianmin has also followed up with Mr. KONG Jiannan for any opinions or concerns of the Shareholders expressed at the annual general meeting afterwards.

Corporate Culture

The Board leads to establishing the corporate culture and acts with integrity, leads by example, and is committed to promoting the desired corporate culture of the Company. The Company's corporate culture instils all levels of the Group and continually reinforces the philosophy of "acting lawfully, ethically and responsibly", as well as aligns with the Company's mission, corporate values and strategies.

More details about the Company's vision, mission, corporate values and strategies are set out in the section headed "Management Discussion and Analysis" in this annual report and available on the Company's website under the "Corporate Culture" section.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding securities transactions of the Directors. In response to specific enquiry made by the Company, all Directors have confirmed that they have complied with the Model Code during the year ended 31 December 2024.

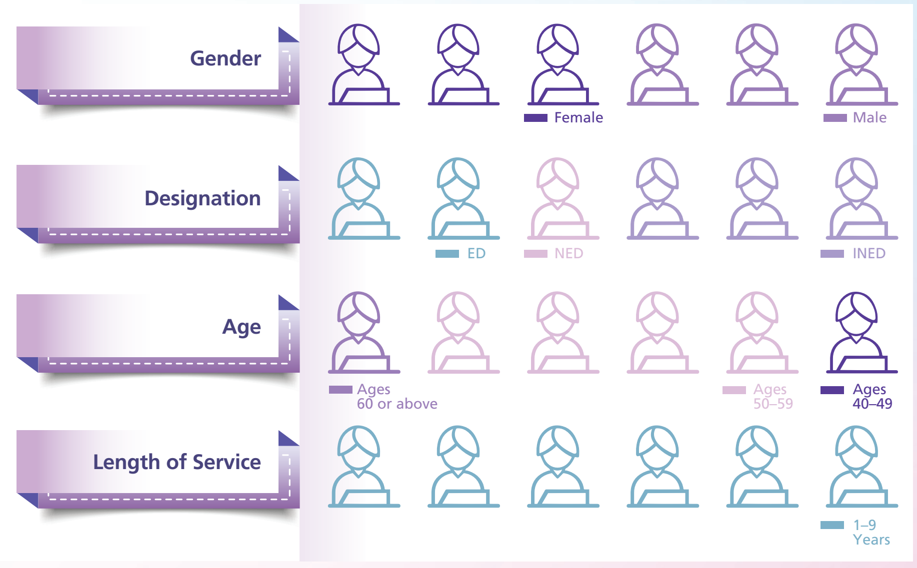
Board of Directors

The Board is in charge of the task of maximizing the financial performance of the Company and making decisions in the best interest of the Company. The Board is also responsible for formulating business policies and strategies, directing and supervising management of the Group, adopting and monitoring internal business and management control, approving and monitoring annual budgets and business plans, reviewing operational and financial performance, considering dividend policy, reviewing and monitoring the Company's systems of financial control and risk management. The Board has delegated the day-to-day management, administration and operation of the Group and implementation and execution of Board policies and strategies to the Executive Directors and management of the Company. All Directors have full and timely access to all relevant information in relation to the Group's businesses and affairs as well as unrestricted access to the advice and services of the Company Secretary.

Board Composition

During the year ended 31 December 2024 and up to the date of this annual report, the Board comprises Mr. KONG Jianmin *(Chairman)* as Non-executive Director; Mr. KONG Jiannan and Ms. YANG Jingbo as Executive Directors; and Ms. LIU Xiaolan, Mr. FUNG Che Wai, Anthony and Ms. NG Yi Kum as Independent Non-executive Directors. Messrs. KONG Jianmin and KONG Jiannan are brothers. Save as disclosed above, there is no family or other material relationship among the members of the Board.

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



The biographical details of the Directors (including relationships among members of the Board), are set out in the section headed "Biographical Information of Directors and Senior Management" in this annual report and available on the Company's website.

Board Diversity

The Company has adopted a board diversity policy. Selection of board candidates will be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience and qualification, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board has reviewed the implementation of, and confirmed the effectiveness of, its board diversity policy for the year ended 31 December 2024.

The Board believes that the balance between Executive and Non-executive Directors (including the Independent Non-executive Directors) is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of the Shareholders and the Group. The views and participation of the Non-executive Director and Independent Non-executive Directors in the Board and committee meetings provide independent judgment and advice on the issues relating to the Group's strategy, performance, conflict of interest and management process to ensure that the interests of the Shareholders are considered and safeguarded. The Board considers that each of the Non-executive Director and Independent Non-executive Directors brings his/her own relevant expertise to the Board.

The Company currently has three Independent Non-executive Directors, representing more than one-third of the Board and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. They have provided the Board with their diversified expertise, experience and professional advice.

The Board also recognizes the particular importance of gender diversity. Our Board currently comprises three female Directors and three male Directors. In addition, we maintain an approximate 48:52 ratio of males to females in the workforce (including the senior management of the Group) as of 31 December 2024. The Board considers that gender diversity in respect of both the Board and the workforce has been achieved. For details on our process of employees recruitment and management, please refer to our Environmental, Social and Governance Report.

Board Independence

The Board has established mechanisms to ensure independent views and input are available to the Board. The Board shall ensure the appointment of at least three Independent Non-executive Directors representing at least one-third of the Board, with at least one of them having appropriate professional qualifications or accounting or related financial management expertise, whilst the Nomination Committee strictly adheres to the Nomination Policy in respect of the nomination and appointment of Independent Non-executive Directors. The Independent Non-executive Directors will also be appointed to Board Committees as required under the Listing Rules and as far as practicable to ensure independent views are available.

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

A Director (including Independent Non-executive Director) shall not vote on any resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest nor shall he/she be counted in the quorum present at that meeting.

The Board has received from each Independent Non-executive Director a written annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Board considers that all Independent Non-executive Directors are independent in character and judgement and they also meet the independence criteria set out in Rule 3.13 of the Listing Rules.

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

Board Meeting and General Meeting

The Board meets regularly and held a total of 4 regular meetings in March, June, August and December of 2024, respectively. At least 14 days' notice of all regular Board meetings together with the meeting agenda is given to all Directors such that all Directors are given the opportunity to include matters for discussion in the agenda. Meeting agenda and accompanying meeting papers are sent to all relevant Directors at least three days in advance of every regular Board meeting and committee meeting. Directors may participate in meetings in person, by phone or by other communication means. Between regular Board meetings, Directors may approve various matters by way of passing written resolutions. Additional Board meetings may be convened, if necessary.

The Company Secretary assists the Chairman in preparing the agenda for the Board meetings and ensures that all applicable rules and regulations regarding the proceedings of the Board meetings are followed. Draft and final versions of minutes of each Board meeting are sent to all Directors for their comments and records respectively within a reasonable time. The Company also keeps detailed minutes of each Board meeting, which are available for inspection by all Directors.

During the year ended 31 December 2024, the Board held 4 Board meetings and 1 general meeting (including an annual general meeting) were held by the Company. Attendance records of Board meetings and the general meetings by Directors are set out below:

Directors	Board Meetings Attended/Held	General Meetings Attended/Held
Executive Directors		
KONG Jiannan	4/4	1/1
YANG Jingbo	4/4	1/1
Non-executive Director		
KONG Jianmin	2/4	0/1
Independent Non-executive Directors		
LIU Xiaolan	4/4	1/1
FUNG Che Wai, Anthony	4/4	1/1
NG Yi Kum	4/4	1/1

In addition to regular Board meetings, the Chairman also held one meeting with the Independent Non-executive Directors without the presence of other Directors during the year ended 31 December 2024.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board directs and approves the Group's overall strategies whilst the responsibilities for execution and daily operations are delegated to management. The Board gives clear directions as to management's power, and reviews, from time to time, the delegations to management to ensure that they are appropriate and continue to be beneficial to the Group as a whole.

Chairman and Chief Executive Officer

Code provision C.2.1 of Part 2 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The Chairman and the chief executive officer of the Company (the "**Chief Executive Officer**") are two distinctively separate positions. Mr. KONG Jianmin is the Chairman. Following the resignation of Mr. WANG Jianhui as the Chief Executive Officer on 29 August 2024, Mr. WANG Zhongqi was appointed as the Chief Executive Officer with effect from 29 August 2024. The division of responsibilities between the Chairman and the Chief Executive Officer are clearly divided to ensure a balance of power and authority and to reinforce their independence and accountability. For details of the change in Chief Executive Officer, please refer to the announcement of the Company dated 27 August 2024.

The Chairman of the Board provides leadership for the Board. He is responsible for ensuring that all Directors are properly briefed on issues arising at Board meetings; Directors receive, in a timely manner, adequate information which is accurate, clear, complete and reliable; and the Board works effectively and performs its responsibilities. He encourages Directors to make a full and active contribution to the Board's affairs and take the lead to ensure that the Board acts in the best interests of the Company.

The Chief Executive Officer is responsible for the daily operation of the Group and leading the management of the Group.

Appointments and Re-election of Directors

Each Director (including Non-executive Director) has entered into a service contract or an appointment letter with the Company for a term of three years subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company (the "**Articles of Association**").

Training and Support for Directors

All the Directors namely, Mr. KONG Jianmin, Mr. KONG Jiannan, Ms. YANG Jingbo, Ms. LIU Xiaolan, Mr. FUNG Che Wai, Anthony and Ms. NG Yi Kum have complied with code provision C.1.4 of Part 2 of the CG Code and participated in continuous professional development to develop and refresh their knowledge and skills. Upon appointment to the Board, all newly appointed Directors have been provided with necessary induction training and materials to ensure that they have proper understanding of the operation and business of the Company and their responsibilities under the relevant laws, regulations and rules.

The Company regularly updates the Directors on the latest developments regarding the Listing Rules and other applicable legal and regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. In addition, external experts are invited to give seminars to the Directors to update their skills and knowledge from time to time.

Based on the information provided by the Directors, the Directors participated in the following trainings during the year ended 31 December 2024:

Directors	Attending trainings, seminars, conferences or briefings
Executive Directors	
KONG Jiannan	√
YANG Jingbo	√
Non-executive Director	
KONG Jianmin	√
Independent Non-executive Directors	
LIU Xiaolan	√
FUNG Che Wai, Anthony	√
NG Yi Kum	√

Board Committees

The Board has established three board committees, namely Remuneration Committee, Nomination Committee and Audit Committee, to oversee the particular aspect of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

Remuneration Committee

The Remuneration Committee was established in October 2020. The Remuneration Committee comprises three members, namely Ms. NG Yi Kum *(Chairperson)* and Mr. FUNG Che Wai, Anthony, both of them are Independent Non-executive Directors, and Mr. KONG Jiannan, an Executive Director.

The terms of reference of the Remuneration Committee are available on the Company's website and the HKEXnews website. The principal duties of the Remuneration Committee include but are not limited to making recommendations to the Board on the Company's policy and structure for Directors' and senior management remuneration, as well as the remuneration packages of individual Executive Directors and senior management and remuneration of Non-executive Directors, and reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules. During the year ended 31 December 2024, the Remuneration Committee reviewed the remuneration packages of the Directors and senior management as well as the policy and structure for the remuneration of the Directors and senior management.

Details of the remuneration payable to the Directors and the Chief Executive Officer for the year ended 31 December 2024 are set out in note 8 to the financial statements. The remuneration payable to members of senior management by band is set out below:

Remuneration Band	Number of persons
HK$0 to HK$500,000	1
HK$500,001 to HK$1,000,000	1
HK$2,000,001 to HK$2,500,000	1
HK$2,500,001 to HK$3,000,000	1

During the year ended 31 December 2024, the Remuneration Committee held 1 meeting whilst certain other matters were reviewed by way of passing written resolutions. The attendance record of the members at the meeting is set out below:

Members of the Remuneration Committee	Meeting Attended/Held
NG Yi Kum *(Chairperson)*	1/1
FUNG Che Wai, Anthony	1/1
KONG Jiannan	1/1

Nomination Committee

The Nomination Committee was established in October 2020. The Nomination Committee comprises three members who are Non-executive Directors, namely Mr. KONG Jianmin *(Chairperson)*, Ms. NG Yi Kum and Mr. FUNG Che Wai, Anthony. The majority of them are Independent Non-executive Directors.

The terms of reference of the Nomination Committee are available on the Company's website and the HKEXnews website. The principal duties of the Nomination Committee include but are not limited to reviewing the structure, size and composition of the Board and the board diversity policy of the Company, identifying individuals suitably qualified to become Board members and making recommendations to the Board on the selection of individuals nominated for directorships, the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive, as well as assessing the independence of Independent Non-executive Directors. During the year ended 31 December 2024, the Nomination Committee reviewed the structure, size and composition of the Board, the diversity and the independence of the Board members, assessed the independence of the Independent Non-executive Directors, and made recommendations to the Board on the re-appointment of Directors in accordance with the nomination policy of the Company and the diversity aspects as set out in the board diversity policy of the Company. The Nomination Committee had also taken into account their respective contributions to the Board and their commitment to their roles. The Nomination Committee had also considered and made recommendation to the Board regarding the appointment of the new Chief Executive Officer during the year.

During the year ended 31 December 2024, the Nomination Committee held 1 meeting whilst certain other matters were reviewed by way of passing written resolutions. The attendance record of the members at the meeting is set out below:

Members of the Nomination Committee	Meeting Attended/Held
KONG Jianmin *(Chairperson)*	0/1
NG Yi Kum	1/1
FUNG Che Wai, Anthony	1/1

Nomination Policy

The Company has adopted a nomination policy setting out the nomination practice, such as the criteria and procedures for the selection, appointment and re-appointment of the Directors. Under the policy, the Nomination Committee will evaluate potential candidates by considering various factors, including their reputation for integrity, accomplishment and experience, potential time commitments, potential contribution to board diversity, and material conflict of interest with the Group (if any). The Nomination Committee shall make nominations/ recommendations to the Board for consideration in respect of candidates to stand for election at a general meeting or for filling a casual vacancy. Shareholders may nominate a person to stand for election as a Director at a general meeting in accordance with the Articles of Associations and applicable laws and regulations. The procedures for such proposal are posted on the website of the Company. The Board shall have the final decision on all matters relating to the recommendation of candidates to stand for election at any general meeting.

Audit Committee

The Audit Committee was established in October 2020. The Audit Committee comprises three members who are all Independent Non-executive Directors, namely Ms. NG Yi Kum *(Chairperson)*, Mr. FUNG Che Wai, Anthony and Ms. LIU Xiaolan.

The terms of reference of the Audit Committee are available on the Company's website and the HKEXnews website. The principal duties of the Audit Committee include but are not limited to the followings:

- making recommendations to the Board on the appointment, re-appointment and removal of external auditor of the Group and approving the remuneration and terms of engagement of the external auditor, and any issues related to its resignation or dismissal;
- reviewing and monitoring the external auditor's independence and objectivity and effectiveness of the audit process in accordance with applicable standards;
- reviewing and monitoring the integrity of the Groups' financial statements and annual reports and accounts, and interim reports;
- reviewing the Group's financial controls, and its risk management and internal control systems;
- reviewing the Group's internal audit function;
- reviewing the Group's financial and accounting policies and practices;

- reviewing the external auditor's management letter and questions raised by the external auditor to management, and management's response to such questions;
- reporting to the Board on matters in the code provision under the CG Code;
- reviewing and monitoring the Group's corporate governance functions under code provision A.2.1 of Part 2 of the CG Code; and
- reviewing and making recommendations to the Board on the Group's environmental, social and governance related matters under Appendix C2 of the Listing Rules.

During the year ended 31 December 2024, the Audit Committee has reviewed the annual results, annual report and environmental, social and governance report for the year ended 31 December 2023, the interim results and interim report for the six months ended 30 June 2024, the effectiveness of the risk management and internal control systems and internal audit function, the Group's continuing connected transactions, the re-appointment, resignation and appointment of external auditor, the audit plan and audit report of the external auditor, the remuneration and terms of engagement of the external auditor, the Company's compliance with the corporate governance functions under code provision A.2.1 of the CG code, and the adequacy of the Company's resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions and matters related to the Company's environmental, social and governance performance and reporting.

During the year ended 31 December 2024, the Audit Committee held 3 meetings whilst certain matters were reviewed by way of passing written resolutions. The attendance record of the members at the meetings is set out below:

Members of the Audit Committee	Meetings Attended/Held
NG Yi Kum *(Chairperson)*	3/3
FUNG Che Wai, Anthony	3/3
LIU Xiaolan	3/3

Audit and Accountability

The Directors acknowledge their responsibility for preparing the financial statements for the financial year ended 31 December 2024 which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the applicable statutory requirements and accounting standards. The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report in this annual report.

External Auditor's Remuneration

Since the Listing Date, Ernst & Young had been the auditor of the Company until its resignation which took effect from 27 December 2023. On the same day, the Board appointed Prism Hong Kong Limited (formerly known as Prism Hong Kong and Shanghai Limited) ("**Prism**") as the new auditor of the Company. For further details, please refer to the announcement of the Company dated 27 December 2023. Since then and up to 31 December 2024, there has been no changes to the auditor of the Company.

For the year ended 31 December 2024, the remuneration paid or payable to Prism in respect of audit services provided to the Group amounted to RMB3,600,000, and in respect of non-audit services (which comprised other reporting service) amounted to RMB100,000.

Company Secretary

In compliance with Rule 3.29 of the Listing Rules, the Company Secretary confirmed that for the year ended 31 December 2024, he has taken no less than 15 hours of relevant professional training.

Risk Management and Internal Control

The Board recognises that it is responsible for maintaining sound and effective systems of risk management and internal control, and reviewing and monitoring the effectiveness of these systems on a regular basis in order to safeguard the Group's assets and the Shareholders' interests. The Audit Committee assists the Board in performing its governance functions as to finance, operation, compliance, risk management and internal control of the Group. The risk management team of the Group, which serves the internal audit function, assists the Board and/or the Audit Committee in reviewing the effectiveness of the risk management and internal control systems of the Group on a continual and at least an annual basis. These 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 Group applies the "three lines of defense" model as the basic structure of the risk management and internal control systems:

First line of defense: The Group integrates the risk management system into the core business operation practices. Each operating unit is responsible for identifying and assessing its respective risks, setting appropriate risk mitigating measures within the scope of its responsibilities, strictly implementing relevant risk mitigating measures and reporting to the management on the status of risk management in a timely manner.

Second line of defense: Each functional department of the Group provides and promotes the methodology and tools of risk management and control for the first line of defense, and at the same time, coordinates with each other for the management of significant matters involving various fields, processes and departments, and gives risk reminders and carries out control strategy study on such basis.

Third line of defense: The Group's risk management team is mainly responsible for monitoring the compliance with policies and procedures by the Group and its major departments as well as the effectiveness of its internal control structure, conducting independent assessment, providing constructive advice to relevant management and reporting to the chairman of the Board. The Group's risk management team organises regular risk assessment of the Group and formulates internal audit plan for the year based on the results of the risk assessment, and at the same time, reports to the Audit Committee on the results of the audit on a regular basis.

The Board has assessed and reviewed the effectiveness of the Group's risk management and internal control systems as to financial, operational and compliance control for the year ended 31 December 2024 and considered that such systems are effective and adequate.

The Company has adopted a whistleblowing policy which provides a mechanism for employees and related third parties who deal with the Group (e.g. consultants, contractors, suppliers, agents and customers) to raise concerns on any suspected misconduct, malpractice or irregularities in any matter related to the Group through confidential reporting channels. The Company has also adopted an anti-corruption policy to provide information and guidance to personnel on how to recognize and deal with bribery and corruption and to handle corporate donation and sponsorship activities of the Group, which applies to all employees (full time and part time) of the Group and related third parties who deal with the Group.

Disclosure of Inside Information

The Company has adopted policies on monitoring, reporting and disclosure of inside information (as defined in the Listing Rules). This ensures timely reporting and disclosure as well as fulfilment of the Group's continuous disclosure obligations. In particular, the Group:

- has conducted its affairs with close regard to the disclosure requirements under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission in June 2012;
- has established its own disclosure obligation procedures, which set out the procedures and controls for the assessment of potential inside information and the handling and dissemination of inside information. The procedures have been communicated to the senior management and staff of the Company, and the implementation was monitored by the Company; and
- has made broad and non-exclusive disclosure of information to the public through channels such as financial reports, public announcements and its website.

Shareholders' Rights

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to Article 58 of the Articles of Association, any one or more members holding at the date of deposit of a requisition (the "**Requisition**") not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (on a one vote per share basis) (the "**Eligible Shareholder(s)**"), shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting ("**EGM**") to be called by the Board for the transaction of any business or resolution specified in such Requisition; and such meeting shall be held within two (2) months after the deposit of such Requisition.

The Eligible Shareholder(s) must deposit the Requisition to the Company's principal place of business in Hong Kong, which for the time being is at Room 1302, 13th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong. The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM, the agenda proposed to be included and the details of the business(es) proposed to be transacted at the EGM. Such Requisition must be signed by the Eligible Shareholder(s) concerned.

The Company will check the Requisition and the identity and the shareholding of the Eligible Shareholder(s) will be verified with the Company's Hong Kong share registrar. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board considering to convene an EGM within two (2) months after the deposit of the Requisition and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the EGM.

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

Putting forward Proposals at General Meeting

Any Eligible Shareholder(s) (as defined in the preceding paragraph headed "Procedures for Shareholders to Convene an Extraordinary General Meeting") may by written requisition request the Company to convene a general meeting in accordance with the procedures set out in the said preceding paragraph.

Enquiries and Concerns to the Board

Shareholders may send their enquiries and concerns to the Board by email (cosec@kwgliving.com) or by delivering them to Room 1302, 13th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong by post.

Dividend Policy

Declaration of dividends is subject to the discretion of the Board, taking into consideration of factors such as the Group's financial results, Shareholders' interests, general business conditions and strategies, capital requirements, taxation considerations, contractual, statutory and regulatory restriction and any other factors that the Board may deem relevant. The Company has adopted a dividend policy which aims to provide the Shareholders with a sustainable dividend out of the profit of the Group.

Investor Relations

Amendments to the Company's constitutional documents

During the year ended 31 December 2024, there were amendments in the memorandum and articles of association of the Company (the "**Memorandum and Articles of Association**").

On 26 March 2024, the Board proposed to amend the then existing Memorandum and Articles of Association for the purposes of, among others, (i) updating and bringing the Memorandum and Articles of Association in line with the latest regulatory requirements pursuant to the Proposals to Expand the Paperless Listing Regime and Other Rule Amendments published by the Stock Exchange in June 2023 and the relevant amendments to the Listing Rules of which came into effect on 31 December 2023, mandating the electronic dissemination of corporate communications by listed issuers to their securities holders; (ii) enabling the Company to convene and hold electronic or hybrid general meetings of the Shareholders and providing provisions to regulate the conduct of such general meetings; and (iii) incorporating certain housekeeping amendments for better alignment with the Listing Rules and the applicable laws of the Cayman Islands.

For details, please refer to the announcement of the Company dated 26 March 2024 and the circular of the Company dated 29 April 2024. The proposed amendments and the proposed adoption of the new Memorandum and Articles of Association were approved by the Shareholders at the annual general meeting of the Company convened and held on 5 June 2024.

The latest consolidated version of the Memorandum and Articles of Association is available on the Company's website and HKEXnews website.

Shareholders' Communication Policy

The Company has adopted a shareholders' communication policy (the "**Shareholders' Communication Policy**") which aims to set out the provisions with the objective of ensuring the Shareholders are provided with equal and timely access to information about the Company through the Company's corporate communications (including but not limited to, interim and annual reports, announcements and circulars) available on both the Company's website and the HKEXnews website, annual general meeting and other general meetings (if necessary). This policy will be reviewed by the Board regularly to ensure its effectiveness.

The Company endeavors to maintain an on-going dialogue with the Shareholders and other stakeholders. To further promote effective communication, the Company's website, which is updated on a regular basis, provides additional information to the Shareholders, such as its principal business activities, business development and operations, financial information, press releases, newsletters and other information, and as one of the channels to receive enquiries from the Shareholders and other stakeholders. The Company arranges investor relations activities, performance briefings and calls with investors and analysts from time to time. Enquiries from the Shareholders and other stakeholders are dealt with in an informative and timely manner. The Company has reviewed the implementation and effectiveness of the Shareholders' Communication Policy for the year ended 31 December 2024. In view of the foregoing, the Company considers that the Shareholders' Communication Policy has been properly implemented and is effective.

The Directors are pleased to present their report together with the audited financial statements of the Group for the year ended 31 December 2024.

Principal Activities and Business Review

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 1 to the financial statements. There was no significant changes in the nature of the Group's principal activities during the year.

A fair review of the Group's business during the year, including an analysis of the Group's performance using financial key performance indicators, a description of the principal risks and uncertainties facing the Group, an indication of likely future development in the Group's business, and particulars of important events affecting the Group that have occurred since the end of the year ended 31 December 2024 (if any) can be found in the sections headed "Financial Highlights", "Chairman's Statement" and "Management Discussion and Analysis" in this annual report. The financial risk management objectives and policies of the Group can be found in note 39 to the financial statements.

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

Key Relationships with Employees, Customers, Suppliers and Other Stakeholders

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

The Group maintains a good relationship with its customers and suppliers. The Group's property management services are based on the principle of customer orientation, and we strive to continuously improve the services provided to customers. We value customer feedback and has established customer complaint handling procedures to ensure customers' complaints are dealt with in a timely and effective manner. We also value collaboration with our business partners to set up sustainable supply chains and achieve win-win solution.

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

Environmental Policies and Performance

The Group is committed to operate its business in compliance with applicable environmental protection laws and regulations and has implemented relevant environmental protection measures in compliance with the required standards under applicable laws and regulations.

Further details on the Group's environmental policies, including compliance with the relevant laws and regulations that have a significant impact on the Group, and relationships with its key stakeholders are contained in a separate Environmental, Social and Governance Report, which is available on the Company's website (www.kwgliving.com) and HKEXnews website (www.hkexnews.hk).

Key Risks and Uncertainties

The following lists out the key risks and uncertainties facing the Group. As it is not exhaustive in listing out all factors, there may be other risks and uncertainties which are unknown or currently not but may become material in future, save as those disclosed below. Investors are advised to make their own judgment or consult professionals before making any investment in the securities of the Company.

Risks relating to the industry

The property management industry is affected by unfavourable changes in policies, laws and regulations of the PRC government in relation to the property industry, such as the downward adjustment of the guideline price of property tariffs; besides, associated with the downturn of the property industry, the area of new projects completed and delivered suffered a significant reduction or delay, which makes it more difficult to increase the scale of revenues. The above factors may affect the growth of the Group's revenues and profits.

Risks relating to the operation

The property management industry is traditionally weak in property pricing and labour-intensive. With minimum wage rising year on year, it is difficult to maintain profit margins. Therefore, the Group relies on the continuous upgrading of its full-scope digital and intellectual integration capabilities to actively explore new business avenues and develop diverse value-added businesses in order to give new impetus to the Group's development.

Risks relating to the human resources

With the further development of the business of the Group, it is necessary to establish a more effective mechanism for the cultivation and motivation of excellent talents, and to establish a competitive system for the selection, training and retention of talents, so as to create a talent pool in the market.

Results and Dividends

The Group's results for the year ended 31 December 2024 are set out in the Consolidated Statement of Profit or Loss on page 75.

The Board does not recommend any payment of final dividend for the year ended 31 December 2024 (2023: Nil).

Financial Summary

A financial summary of the Group for the last five financial years is set out on page 168.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

There were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2024, nor was there any plan authorised by the Board for other material investments or additions of capital assets at 31 December 2024.

Update on certain acquisitions in prior years

(a) Acquisition of Living Technology

Reference is made to the announcement of the Company dated 18 January 2021 in relation to the acquisition of 80% of the equity interest in Living Technology Co., Ltd. (formerly known as Cedar Technology Group Co., Ltd.), ("**Living Technology**") by the Group. Pursuant to the acquisition agreement, Living Technology's audited net profit (the "**Audited Net Profit**") for the financial years ended 31 December 2021 and 2022 should increase by not less than 5% as compared to that of the immediately preceding financial year, and the Company should recognise receivables from or payables to original vendor to the acquisition of Living Technology (the "**Vendor**") based on the shortfall or excess of the guaranteed net profit of Living Technology. It was also agreed in the acquisition agreement that such Audited Net Profit for each relevant period shall be determined by qualified auditors within three (3) months after the end of 31 December 2021 and 2022, respectively. As at the date of this annual report, the Audited Net Profit for the year ended 31 December 2021 has been determined without any dispute. For the Audited Net Profit for the year ended 31 December 2022, since the beginning of 2023, the Group has commenced the audit work of Living Technology and has been in active negotiation with the Vendor. However, the parties have not reached consensus on the recoverability of the outstanding property management fees due from third party landlords and the relevant guarantors (as landlords) (the "**Receivables**"). In the event that the Group is unable to recover the Receivables, Living Technology shall make provision for impairment of the Receivables (the "**Impairment**"), which will in turn adversely affect the Audited Net Profit for the year ended 31 December 2022 and may trigger compensation mechanism under the relevant financial guarantees. Although the Vendor advised to the Group that the Receivables could be fully recovered (i.e. no or minimal Impairment is required), the Group considers that prudent monitoring process on the recoverability of the Receivables shall be in place.

To keep track of the recovery progress of the Receivables, since the second half of 2023, the Group has (among others) sent legal letters to the relevant landlord and arranged professional debt collection teams to collect payments. However, the Group considers that the recovery rate is not satisfactory. Thus, to ensure the accuracy of the Audited Net Profit so as to determine whether the compensation mechanism is triggered, the Group has decided to continue to recover the outstanding Receivables and monitor the progress from August 2024 with an observation period of six months to one year is expected, which it considers is in the best interest of the Company and the Shareholders as a whole. The Company also considers that the term of the financial guarantees under the acquisition agreement remains the same as the delay in the issuance of the relevant audit report has no impact on the formula or the compensation mechanism to the financial guarantees stipulated thereunder. Up to the date of this annual report, in respect of the outstanding Receivables, the Vendor has implemented further recovery measures, including but not limited to initiating litigation or arbitration proceedings. Given the complexity and time-consuming nature of judicial processes, the Group has decided to continue to monitor the recovery progress and hold regular negotiation with the Vendor to follow up on the status of the recovery status of the Receivables and consider the appropriate amount of impairment to be made.

If, thereafter, the Company still fails to reach consensus with the Vendor on the Impairment, the Company can initiate legal proceedings or arbitration against the Vendor and the relevant guarantors to request for the engagement of an independent accounting firm to conduct a final audit in respect of the financial guarantees of Living Technology for the year ended 31 December 2022 and determine the relevant amount of bonus or compensation based on such audit result. It will make further announcement(s) as and when appropriate to inform the Shareholders and potential investors in relation to the actual performance of Living Technology for the year ended 31 December 2022 pursuant to the Listing Rules when the profit specific audit report of Living Technology becomes available.

(b) Acquisition of Guangdong Telijie

Reference is made to the announcement of the Company dated 10 January 2022 in relation to the acquisition of 50% of the equity interest in Guangdong Telijie by the Group. Pursuant to the acquisition agreement, Guangdong Telijie must achieve certain guaranteed revenue and guaranteed net profits for the financial years ended 31 December 2022, 2023 and 2024, and the Company shall recognize an amount due from or to the vendors based on the shortfall or excess of the audited guaranteed net profit. As of 31 December 2024, based on the audit results of Guangdong Telijie, the target guaranteed revenue and net profit for the years ended 31 December 2022 and 2023 have been determined. However, the profit specific audit report of Guangdong Telijie for the year ended 31 December 2024 has not yet been available. As at 31 December 2024, based on the unaudited management accounts of Guangdong Telijie currently available to the Company, the accumulated net profit before non-recurring items for the three years ended 31 December 2024 of Guangdong Telijie was RMB61.4 million, which was less than the Guaranteed Net Profit (as defined in the Acquisition Announcement) of RMB109.2 million. Pursuant to the terms of the equity transfer agreement, there was no option for the Company to sell Guangdong Telijie back to the vendors if the profit guarantee is not met. Instead, the vendors shall compensate to the Company approximately RMB96.5 million if based on the unaudited management account of Guangdong Telijie.

The Directors have been actively communicating with the vendor in relation to the profit specific audit of financial statements of Guangdong Telijie and the payment of compensation (if required). As the payment of compensation is in accordance with the terms of the equity transfer agreement, the Board considers it fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will make further announcement(s) as and when appropriate to inform the Shareholders and potential investors in relation to the actual performance compensation of Guangdong Telijie pursuant to the Listing Rules when the profit specific audit report of Guangdong Telijie becomes available.

Share Capital

Details of movements in the Company's share capital during the year are set out in note 28 to the consolidated financial statements.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year ended 31 December 2024. As at 31 December 2024, the Company does not hold any treasury shares.

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.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in notes 41 and 30 to the financial statements and in the consolidated statement of changes in equity respectively.

Distributable Reserves

Total distributable reserves of the Company as at 31 December 2024, calculated in accordance with Article 143 of the Articles of Association, amounted to approximately RMB2,278,956,000.

Major Customers and Suppliers

For the year ended 31 December 2024, the transaction amount of the Group's top five customers accounted for 15.1% of the total revenue of the Group (2023: 21.6%), while the transaction amount of the Group's single largest customer, KWG Group Holdings Limited ("**KWG Holdings**", and together with its subsidiaries, "**KWG Group**") and its associates, accounted for 11.4% of the total revenue of the Group (2023: 17.0%).

For the year ended 31 December 2024, the transaction amount of the Group's top five suppliers accounted for 21.3% of the total purchase of the Group (2023: 19.9%), while the transaction amount of the Group's single largest supplier accounted for 6.8% of the total purchase of the Group (2023: 5.8%).

None of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers (other than KWG Group and its associates).

Directors

The list of Directors, during the year ended 31 December 2024 and up to the date of this annual report, is set out on page 2 in this annual report, and their biographical information is set out on pages 62 to 66 in this annual report.

Pursuant to Article 84 of the Articles of Association, Mr. KONG Jianmin and Ms. NG Yi Kum will retire from office by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company (the "**2025 AGM**").

The Company has received from Ms. LIU Xiaolan, Mr. FUNG Che Wai, Anthony and Ms. NG Yi Kum their annual confirmations of independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules and confirms it considers that they are independent for the year ended 31 December 2024.

No Director proposed for re-election at the 2025 AGM has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

ARRANGEMENTS FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2024 was the Company, its holding company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Interests of Directors and Chief Executive

As at 31 December 2024, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("**SFO**")) which were required to be (i) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in the Shares and underlying Shares

	Number of ordinary Shares held				
Name of Director	Personal interests (beneficial owner)	Corporate interests (interests of controlled corporation)	Other interests	Total	% of the issued share capital[1]
Directors					
— KONG Jianmin	2,300,000	849,718,661[2]	219,635,885[4]	1,071,654,546	52.90
— KONG Jiannan	—	81,827,772[3]	988,977,774[4]	1,070,805,546	52.86
— YANG Jingbo	125,000[5]	—	—	125,000	0.01
Chief Executive Officer					
— WANG Jianhui *(resigned on 29 August 2024)*	820,000	—	—	820,000	0.04
— WONG Zhongqi *(Appointed on 29 August 2024)*	10,000	—	—	10,000	0.0005

Notes:

(1) The approximate percentage was calculated based on the total number of issued Shares (i.e. 2,025,858,916 Shares) as at 31 December 2024.

(2) Plus Earn Consultants Limited ("**Plus Earn**") and Hero Fine Group Limited ("**Hero Fine**") are wholly-owned and controlled by Mr. KONG Jianmin. By virtue of the SFO, Mr. KONG Jianmin is deemed to be interested in the Shares in which Plus Earn and Hero Fine are interested.

(3) Peace Kind Investments Limited ("**Peace Kind**") and Expert Vision International Limited ("**Expert Vision**") are wholly-owned and controlled by Mr. KONG Jiannan. By virtue of the SFO, Mr. KONG Jiannan is deemed to be interested in the Shares in which Peace Kind and Expert Vision are interested.

(4) On 14 October 2020, Plus Earn, Hero Fine, Right Rich Consultants Limited ("**Right Rich**"), Excel Wave Investments Limited ("**Excel Wave**"), Wealth Express Investments Limited ("**Wealth Express**") and Peace Kind entered into a shareholders' agreement (the "**Shareholders' Agreement**"), pursuant to which, among other things, the parties thereto shall vote at general meetings of the Company according to the instruction of whichever party thereto holds the most Shares from time to time. As such, by virtue of the SFO, each of Mr. KONG Jianmin and Mr. KONG Jiannan is deemed to be interested in the total number of Shares directly held by Plus Earn, Hero Fine, Right Rich, Excel Wave, Wealth Express and Peace Kind.

(5) These Shares represent (i) the 1st tranche of 33,500 Shares awarded to such Director which were vested on 19 April 2022 pursuant to the Share Award Scheme (as defined hereinafter), out of which, 4,000 Shares were sold at an average price of HK$3.24 on the same date to cover the PRC withholding tax; (ii) the 2nd tranche of 33,500 Shares awarded to such Director which were vested on 17 April 2023 pursuant to the Share Award Scheme (as defined hereinafter), out of which, 2,000 Shares were sold at an average price of HK$1.16 on 18 April 2023 to cover the PRC withholding tax; and (iii) the 3rd tranche of 67,000 Shares awarded to such Director which were vested on 15 April 2024 pursuant to the Share Award Scheme (as defined hereinafter), out of which, 3,000 Shares were sold at an average price of HK$0.31 on 16 April 2024 to cover the PRC withholding tax.

Long position in the shares of associated corporation of the Company

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares held	% of the issued voting Shares
KONG Jianmin	Plus Earn	Beneficial owner	1,000	100

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Scheme

The Company has adopted a share option scheme (the "**Share Option Scheme**"), which was approved by the Shareholders by passing an ordinary resolution at the annual general meeting of the Company held on 3 June 2021 (the "**SO Adoption Date**").

The following is a summary of the principal terms of the Share Option Scheme:

(1) Purpose

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognise and acknowledge the contributions the SO Eligible Participants (as defined hereinbelow) had or may have made to the Group. The Share Option Scheme will provide the SO Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the SO Eligible Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain on-going business relationship with the SO Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(2) Participants of the Share Option Scheme

The Board may, at its discretion, offer to grant an option ("**Option(s)**") to the SO Eligible Participants to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with the rules of the Share Option Scheme.

An "**SO Eligible Participant**" means:

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; and

(ii) any directors (including executive directors, non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries.

(3) Total number of Shares available for issue under the Share Option Scheme

The maximum number of Shares in respect of which Options under the Share Option Scheme and options under other schemes of the Company may be granted is 201,781,023 Shares, representing approximately 9.96% of the total number of Shares in issue as at the date of this annual report.

(4) Maximum entitlement of each participant under the Share Option Scheme

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and other schemes of the Company (including both exercised and outstanding options) to each SO Eligible Participant in any 12-month period up to and including the date of grant shall not exceed 1% of the Shares in issue as at the date of grant.

Any further grant of Options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by the Company containing the identity of the SO Eligible Participant, the number of and terms of the Options to be granted (and Options previously granted to such participant) in the 12-month period, the purpose of granting Options to the SO Eligible Participant and an explanation as to how the terms of the Options serve such purpose; and

(ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such SO Eligible Participant and his/her close associates (or his/her associates if the SO Eligible Participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of Options to be granted to such participant must be fixed before the Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the Options to such SO Eligible Participant shall be taken as the date of grant for the purpose of calculating the exercise price of the Options.

(5) Period within which the Option may be exercised by the grantee under the Share Option Scheme

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an Option may be exercised will be determined by the Board in its absolute discretion, save that no Option may be exercised more than 10 years after it has been granted. No Option may be granted more than 10 years after the date of approval of the Share Option Scheme. There is no minimum period specified by the Share Option Scheme for which the Option must be held before it can be exercised.

(6) Amount payable on application or acceptance of the Options and period within which payments or calls must or may be made or loans for such purposed must be repaid

An Option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the Option duly signed by the grantee, together with a remittance or payment in favour of the Company of HK$1.00 by way of consideration for the grant thereof, is received by the Company not later than 30 days after the date of grant. Such remittance or payment shall in no circumstances be refundable. To the extent that the offer to grant an Option is not accepted by the prescribed 30-day period, it shall be deemed to have been irrevocably declined.

(7) Basis of determining the exercise price

Subject to any adjustments made under the Share Option Scheme, the subscription price of a Share in respect of any particular Option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the highest of:

(i) the official closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

(8) Remaining life of the Share Option Scheme

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years commencing from the SO Adoption Date and ending on 2 June 2031. As at the date of this annual report, the remaining life of the Share Option Scheme is approximately 6 years and 2 months.

(9) Number of Options available for grant

The number of Shares in respect of which Options are available for grant under the Share Option Scheme as at 1 January 2024 and 31 December 2024 were 201,470,523 (representing approximately 9.95% of the total Shares in issue as at the date of this annual report).

During the year ended 31 December 2024, no Options were granted under the Share Option Scheme. Particulars of the outstanding share options granted to certain eligible participants ("**SO Grantees**") in prior years and their movements during the year are as follows:

				Number of Options						
Categories of SO Grantees	Date of grant	Exercise price per Share (HK$)	Exercise period[1]	Balance as at 01.01.2024	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Balance as at 31.12.2024	Closing price per Share[2] (HK$)
Employees	23.07.2021	8.964	15.04.2022 to 14.04.2026	270,000	—	—	—	—	270,000	8.78
Total				270,000	—	—	—	—	270,000	

Notes:

(1) Subject to the vesting conditions (namely, the net profit of the Group for the financial year 2021 achieved its expected target amount set in early 2021) being met, the vesting period of the Options was as follows: up to 25% of the Options granted shall become exercisable from 15 April 2022, up to 50% of the Options granted shall become exercisable from 15 April 2023; and 100% of the Options granted shall become exercisable from 15 April 2024. If any of such days falls on a Saturday, a Sunday or a public holiday, then the next business day following it.

(2) This represented the closing price of the Shares immediately before the date on which the Options were granted.

(3) These Options granted are not subject to any other exercising conditions nor any performance targets.

Details of the fair value of the Options granted by the Company and the accounting policy adopted for the Options are set out in note 29 to the consolidated financial statements.

Share Award Scheme

The Company has adopted a share award scheme (the "**Share Award Scheme**"), which was approved by the Board at the Board meeting held on 23 July 2021 (the "**SA Adoption Date**"). A summary of the Share Award Scheme was set out in the announcement of the Company dated 23 July 2021 headed "Adoption of Share Award Scheme and Grant of Awarded Shares".

(1) Purposes and objectives

The specific objectives of the Share Award Scheme are: (i) to recognise and motivate the contributions by certain SA Eligible Participants (as defined hereinafter) and to give incentives thereto in order to retain them for the continual operation and development of the Group; (ii) to attract suitable professional personnel beneficial for further growth of the Group; and (iii) to provide certain SA Eligible Participants with a direct economic interest in attaining a long-term relationship between the Group and such SA Eligible Participants.

(2) Participants of the Share Award Scheme

Pursuant to the rules of the Share Award Scheme (the "**SA Scheme Rules**"), the Board may, from time to time, at its absolute discretion select any SA Eligible Participant for participation in the Share Award Scheme as a selected participant (the "**Selected Participant**") and determine the number of Shares to be awarded (the "**Awarded Shares**").

An "**SA Eligible Participant**" means: any employee (whether full time or part time, including without limitation any executive director) of the Company and/or any member of the Group ("**Employee**"); and non-executive director of the Company and/or any member of the Group (excluding any Excluded Participants (as defined in the SA Scheme Rules)) who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any member of the Group.

(3) Duration

Subject to any early termination as may be determined by the Board pursuant to the SA Scheme Rules, the Share Award Scheme shall be valid and effective for a term of 10 years commencing from the SA Adoption Date and ending on 22 July 2031. As at the date of this annual report, the remaining life of the Share Award Scheme is approximately 6 years and 3 months.

(4) Maximum limit

The Board shall not make any further grant of Awarded Shares under the Share Award Scheme such that the total number of Shares granted under the Share Award Scheme will exceed 5% of the total number of issued Shares as of the SA Adoption Date, being 100,890,511 Shares, representing approximately 4.98% of the total issued Shares as at the date of this annual report. No maximum entitlement of each participant is prescribed under the Share Award Scheme but the entitlement of each participant shall be in compliance with the Listing Rules.

If the relevant subscription or purchase would result in the trustee (the "**Trustee**"), TMF Trust (HK) Limited and any additional or replacement trustee, holding in aggregate, more than 5% of the total number of Shares in issue of the Company as of the SA Adoption Date, the Trustee shall not subscribe or purchase any further Shares.

(5) Operation

Pursuant to the SA Scheme Rules, the Board may, from time to time, at its absolute discretion select any SA Eligible Participant for participation in the Share Award Scheme as a Selected Participant and determine the number of Shares to be awarded. The Board shall, after having regard to all relevant circumstances and affairs of the Group including without limitation the Group's business and financial performance, determine the maximum amount of funds to be allocated by the Board out of the Company's resources for the purchase or subscription of the Awarded Shares, as the Board deems appropriate, pursuant to the Share Award Scheme. The Board, through its authorised representative(s), shall cause to pay the Trustee the subscription or purchase price for the Shares and the related expenses from the Company's resources. The Trustee shall purchase from the open market or subscribe for the relevant number of Shares awarded and shall hold such Shares until they are vested in accordance with the SA Scheme Rules. No consideration or vesting price is payable by the SA Grantees (as defined hereinafter) upon acceptance or vesting of the Awarded Shares. No new Shares will be issued by the Company to satisfy any Awarded Shares.

(6) Number of Awarded Shares available for grant

The number of Awarded Shares available for grant under the Share Award Scheme as at 1 January 2024 and 31 December 2024 were 99,985,011 (representing approximately 4.94% of the total Shares in issue as at the date of this annual report).

During the year ended 31 December 2024, no Awarded Shares were granted by the Company under the Share Award Scheme. Details of the Awarded Shares involving existing Shares granted to certain selected participants (the "**SA Grantees**") in prior years and their movements during the year are as follows:

			Number of Awarded Shares						
Categories of SA Grantees	Date of grant	Vesting Period[(1)]	Balance as at 01.01.2024	Granted during the period	Vested during the period[(2)]	Cancelled during the period	Lapsed during the period	Balance as at 31.12.2024	Closing price per Share[(5)] (HK$)
Executive Director — YANG Jingbo	23.07.2021	15.04.2022 to 15.04.2024	67,000	—	(67,000)[(3)]	—	—	—	8.78
Directors of certain subsidiaries of the Company	23.07.2021	15.04.2022 to 15.04.2024	166,000	—	(166,000)[(4)]	—	—	—	8.78
Other Employees	23.07.2021	15.04.2022 to 15.04.2024	163,000	—	(163,000)[(4)]	—	—	—	8.78
Total			396,000	—	(396,000)	—	—	—	

Notes:

(1) Subject to the vesting conditions (namely, the net profit of the Group for the financial year 2021 having achieved its expected target amount set in early 2021) being met, the Awarded Shares shall be vested in accordance with the following dates: (i) 25% of which shall be vested on 15 April 2022; (ii) another 25% of which shall be vested on 15 April 2023; and (iii) the remaining 50% of which shall be vested on 15 April 2024. If any of such days falls on a Saturday, a Sunday or a public holiday, then the next business day following it.

(2) No consideration or vesting price is payable by the SA Grantees upon acceptance or vesting of the Awarded Shares, whereas the weighted average closing price of the underlying Shares immediately before the date of which the Awarded Shares were vested during the year ended 31 December 2024 was HK$1.15 per Share.

(3) Out of these 67,000 Awarded Shares vested during the year, 3,000 Awarded Shares were sold at an average price of HK$0.31 per Share to cover PRC withholding tax pursuant to the rules of the Share Award Scheme.

(4) Out of these 329,000 Awarded Shares vested during the year, 17,000 Awarded Shares were sold at an average price of HK$0.31 per Share to cover PRC withholding tax pursuant to the rules of the Share Award Scheme.

(5) This represented the closing price of the Shares immediately before the date on which the Awarded Shares were granted.

(6) These Awarded Shares granted are not subject to any exercising conditions nor any performance targets.

(7) The fair value of the Awarded Shares at the grant date approximated to the market value of the Shares, which is calculated based on the closing price of the Shares as at the date of grant of the Awarded Shares, and is recognized in "Administrative expenses" in the condensed consolidated statement of profit or loss on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest.

Details of the fair value of the Awarded Shares granted by the Company and the accounting policy adopted for the Awarded Shares are set out in note 29 to the consolidated financial statements.

Directors' Interests in a Competing Business

During the year and up to the date of this annual report, none of the Directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.

Director's Interests in Transactions, Arrangements and Contracts

Other than disclosed in the section headed "Continuing Connected Transactions" in this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, or its subsidiaries was a party and in which a Director or his connected entity had a material interest, whether directly or indirectly, subsisted during or at the end of the year ended 31 December 2024.

Directors' Remuneration

The Directors' remunerations are subject to the recommendations of the Remuneration Committee and the Board's approval. The remunerations are determined by the Board with reference to Directors' duties, responsibilities, performances and the results of the Group.

Equity-linked Agreements

Other than the Share Option Scheme and the Share Award Scheme as disclosed above, no equity-linked agreements was entered into by the Company during the year or subsisted at the end of the year ended 31 December 2024.

Directors' Rights to Acquire Shares or Debentures

Other than the Share Option Scheme and the Share Award Scheme as disclosed above, at no time during the year ended 31 December 2024 was the Company, its subsidiaries or fellow subsidiaries a party to any arrangements which enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Contract with Controlling Shareholders

Other than disclosed in the section headed "Continuing Connected Transactions" in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and the controlling shareholders of the Company or any of their subsidiaries during the year ended 31 December 2024 or subsisted at the end of the year and no contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholders of the Company or any of their subsidiaries was entered into during the year ended 31 December 2024 or subsisted at the end of the year.

Donation

The charitable donations made by the Group during the year amounted to approximately RMB378,000.

Interests of Substantial Shareholders and Other Persons

As at 31 December 2024, so far as the Directors or chief executive of the Company were aware of, persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Long positions in the Shares

	Number of ordinary Shares held				
Name of substantial Shareholder	Personal interests (beneficial owner)	Corporate interests (interests of controlled corporation)	Other interests	Total	% of the issued voting Shares[1]
Plus Earn[4]	678,390,949	—	390,963,597[3]	1,069,354,546	52.79
Hero Fine[4]	171,327,712	—	898,026,834[3]	1,069,354,546	52.79
Peace Kind[4]	80,376,772	—	988,977,774[3]	1,069,354,546	52.79
KONG Jiantao	—	139,259,113[2]	930,095,433[3]	1,069,354,546	52.79
Right Rich	136,667,833	—	932,686,713[3]	1,069,354,546	52.79
Excel Wave	2,079,450	—	1,067,275,096[3]	1,069,354,546	52.79
Wealth Express	511,830	—	1,068,842,716[3]	1,069,354,546	52.79

Notes:

(1) The approximate percentage was calculated based on the total number of issued Shares (i.e. 2,025,858,916 Shares) as at 31 December 2024.

(2) Right Rich, Excel Wave and Wealth Express are wholly-owned and controlled by Mr. KONG Jiantao. By virtue of the SFO, Mr. KONG Jiantao is deemed to be interested in the Shares in which Right Rich, Excel Wave and Wealth Express are interested.

(3) On 14 October 2020, Plus Earn, Hero Fine, Right Rich, Excel Wave, Wealth Express and Peace Kind entered into the Shareholders' Agreement, pursuant to which, among other things, the parties thereto shall vote at general meetings of the Company according to the instruction of whichever party thereto holds the most Shares from time to time. As such, by virtue of the SFO, each of Plus Earn, Hero Fine, Right Rich, Excel Wave, Wealth Express, Peace Kind, Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan is deemed to be interested in the total number of Shares directly held by Plus Earn, Hero Fine, Right Rich, Excel Wave, Wealth Express and Peace Kind.

(4) Mr. KONG Jianmin (a Non-executive Director) is the sole director of Plus Earn and Hero Fine and Mr. KONG Jiannan (an Executive Director) is the sole director of Peace Kind.

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Non-competition Undertaking

Each of the controlling Shareholders has entered into a deed of non-competition dated 14 October 2020 (the "**Undertakings**") details of which are disclosed in the Company's prospectus dated 19 October 2020 (the "**Prospectus**"). Each of them has confirmed to the Company that, since the Listing Date and up to 31 December 2024, he/it has complied with the Undertakings.

The Independent Non-executive Directors had reviewed the status of compliance and the confirmation provided by each of the controlling Shareholders as part of the annual review process. On the basis that: (i) the Company has received the confirmations from all of them regarding the Undertakings; (ii) there was no competing business reported by them; and (iii) there was no particular situation rendering the full compliance of the Undertakings being questionable, the Independent Non-executive Directors are of the view that the Undertakings have been complied with and been enforced by the Company in accordance with the terms.

Continuing Connected Transactions

Set out below are the continuing connected transactions between the Group and KWG Group for the year ended 31 December 2024, which are subject to the reporting and annual review requirements under Chapter 14A of the Listing Rules:

1. Property Lease Framework Agreement

On 21 November 2022, the Company (for itself and on behalf of its subsidiaries) entered into a property lease framework agreement (the "**Property Lease Framework Agreement**") with KWG Holdings (for itself and on behalf of its subsidiaries), pursuant to which KWG Group agreed to lease to the Group (i) certain properties for office and staff quarters uses; and (ii) car parking lots for sub-leasing to end-users for a term commencing from 1 January 2023 to 31 December 2025.

The annual cap for the year ended 31 December 2024 under the Property Lease Framework Agreement is RMB34.2 million. The actual transaction amount for the transactions under the Property Lease Framework Agreement during the year ended 31 December 2024 was approximately RMB14.1 million.

2. Residential Property Management Services Framework Agreement

On 21 November 2022, the Company (for itself and on behalf of its subsidiaries) entered into a residential property management services framework agreement with KWG Holdings (for itself and on behalf of its subsidiaries) (the "**Residential Property Management Services Framework Agreement**"), pursuant to which the Group agreed to provide KWG Group and its associates with residential property management services, including but not limited to (i) pre-sale management services, such as cleaning, security and maintenance services for pre-sale display units and sales offices owned by KWG Group and/or its associates; and (ii) property management services, such as cleaning, security, gardening and repair and maintenance services for residential properties developed by KWG Group and/or its associates which are unsold or sold but not yet delivered to the property owners for a term commencing from 1 January 2023 to 31 December 2025.

The annual cap for the year ended 31 December 2024 under the Residential Property Management Services Framework Agreement is RMB488.3 million. The actual transaction amount for the transactions under the Residential Property Management Services Framework Agreement during the year ended 31 December 2024 was approximately RMB184.3 million.

3. Property Agency Services Framework Agreement

On 21 November 2022, the Company (for itself and on behalf of its subsidiaries) entered into a property agency services framework agreement with KWG Holdings (for itself and on behalf of its subsidiaries) (the "**Property Agency Services Framework Agreement**"), pursuant to which the Group agreed to provide KWG Group and its associates with property agency services for properties developed by KWG Group and/or its associates for a term commencing from 1 January 2023 to 31 December 2025.

The annual cap for the year ended 31 December 2024 under the Property Agency Services Framework Agreement is RMB284.2 million. The actual transaction amount for the transactions under the Property Agency Services Framework Agreement during the year ended 31 December 2024 was approximately RMB26.9 million.

4. Commercial Property Management Services Framework Agreement

On 21 November 2022, the Company (for itself and on behalf of its subsidiaries) entered into a commercial property management services framework agreement with KWG Holdings (for itself and on behalf of its subsidiaries) (the "**Commercial Property Management Services Framework Agreement**"), pursuant to which the Group agreed to provide KWG Group and its associates with commercial property management services, including but not limited to (i) pre-sale management services, such as cleaning, security and maintenance services for pre-sale display units and sales offices of commercial properties owned by KWG Group and/or its associates; and (ii) commercial property management services, such as file management, cleaning, security, gardening, and repair and maintenance services for commercial properties developed by KWG Group and/or its associates which are (a) unsold or sold but not yet delivered to the new owners; (b) pending to be leased out; or (c) owned by KWG Group and/or its associates for their own use for a term commencing from 1 January 2023 to 31 December 2025.

The annual cap for the year ended 31 December 2024 under the Commercial Property Management Services Framework Agreement is RMB258.9 million. The actual transaction amount for the transactions under the Commercial Property Management Services Framework Agreement during the year ended 31 December 2024 was approximately RMB111.1 million.

5. **Commercial Operational and Value-added Services Framework Agreement**

On 21 November 2022, the Company (for itself and on behalf of its subsidiaries) entered into a commercial operational and value-added services framework agreement with KWG Holdings (for itself and on behalf of its subsidiaries) (the "**Commercial Operational and Value-added Services Framework Agreement**"), pursuant to which the Group agreed to provide KWG Group and its associates with (i) commercial operational services, such as preliminary planning and consultancy, tenant sourcing and management, and marketing and promotion services, for commercial properties owned by KWG Group and/or its associates; and (ii) commercial value-added services, such as providing assistance in leasing out common areas, advertising spaces and empty floor space, for properties owned by KWG Group and/or its associates for a term commencing from 1 January 2023 to 31 December 2025.

The annual cap for the year ended 31 December 2024 under the Commercial Operational and Value-added Services Framework Agreement is RMB145.4 million. The amount for the transactions under the Commercial Operational and Value-added Services Framework Agreement during the year ended 31 December 2024 was approximately RMB70.6 million.

6. **Publicity Planning Service Framework Agreement**

On 21 November 2022, the Company (for itself and on behalf of its subsidiaries) entered into a publicity planning service framework agreement with KWG Holdings (for itself and on behalf of its subsidiaries) (the "**Publicity Planning Service Framework Agreement**"), pursuant to which the Group agreed to provide KWG Group and its associates with publicity planning services, such as promotion design, advertisement promotion and official account marketing for the residential properties developed by KWG Group and/or its associates for a term commencing from 1 January 2023 to 31 December 2025.

The annual cap for the year ended 31 December 2024 under the Publicity Planning Service Framework Agreement is RMB55.2 million. The actual transaction amount for the transactions under the Publicity Planning Service Framework Agreement during the year ended 31 December 2024 was approximately RMB15.0 million.

7. **Marketing Channel Service Framework Agreement**

On 21 November 2022, the Company (for itself and on behalf of its subsidiaries) entered into a marketing channel service framework agreement with KWG Holdings (for itself and on behalf of its subsidiaries) (the "**Marketing Channel Service Framework Agreement**"), pursuant to which the Group agreed to provide KWG Group and its associates with marketing channel management services for the Universal Marketing Plan (a marketing plan that uses all resources available to develop sales channel and facilitate transactions) of properties developed by KWG Group and its associates for a term commencing from 1 January 2023 to 31 December 2025. Leveraging the Group's experience on management of property agents, the Group will be asked to provide administrative management services regarding the non-employees participants of the Universal Marketing Plan including human resource management, awards settlement, tax declaration and other administrative work.

The annual cap under the Marketing Channel Service Framework Agreement for the year ended 31 December 2024 is RMB23.6 million. The actual transaction amount for the transactions under the Marketing Channel Service Framework Agreement during the year ended 31 December 2024 was approximately RMB0.6 million.

As at the date of the aforementioned agreements of the continuing connected transactions, Mr. KONG Jianmin (a Non-Executive Director), Mr. KONG Jiantao and Mr. KONG Jiannan (an Executive Director) are the ultimate controlling shareholders of each of the Company and KWG Holdings pursuant to the respective shareholders' agreements entered into among their respective controlled entities. Therefore, KWG Holdings, as an associate of the controlling shareholders of the Company, is a connected person of the Company.

Pursuant to Rule 14A.55 of the Listing Rules, the Independent Non-executive Directors have reviewed the continuing connected transactions under each of the Property Lease Framework Agreement, the Residential Property Management Services Framework Agreement, the Property Agency Services Framework Agreement, the Commercial Property Management Services Framework Agreement, the Commercial Operational and Value-added Services Framework Agreement, the Publicity Planning Service Framework Agreement and the Marketing Channel Service Framework Agreement as mentioned above (collectively the "**Agreements**"), and confirmed the transactions have been entered into: (i) in the ordinary and usual course of the Group's business; (ii) on normal commercial terms or better; and (iii) in accordance with the respective terms of the Agreements that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The auditor of the Company has been engaged to report on the continuing connected transactions of the Company for the year ended 31 December 2024 in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board has received an unqualified letter from the auditor of the Company in accordance with Rule 14A.56 of the Listing Rules, stating that the auditor did not notice any of these continuing connected transactions:

- have not been approved by the Board;
- (for the connected transactions involving the provision of goods or services by the Group) were not in accordance with the pricing policies of the Group in all material aspects;
- were not entered into in accordance with the terms of the relevant agreements governing such continuing connected transactions in all material aspects; and
- have exceeded the relevant caps for the year ended 31 December 2024.

Related Party Transactions

Details of the related party transactions of the Group for the year ended 31 December 2024 are set out in note 36 to the consolidated financial statements.

The related party transactions set out in note 36 to consolidated financial statements include related party transactions disclosed under accounting standards and related party transactions which also constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The related party transactions in respect of the remuneration of Directors and chief executives of the Company constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The related party transactions in respect of the remuneration of key management personnel (other than Directors and chief executives) of the Company did not fall under the definition of connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. Unless otherwise disclosed in this annual report, the Directors believe, all other related party transactions set out in note 36 to the consolidated financial statements do not fall within the definition of "connected transactions" or "continuing connected transactions" under Chapter 14A of the Listing Rules (as the case may be). The Company confirmed that it was in compliance with the disclosure requirements under Chapter 14A of the Listing Rules for the year ended 31 December 2024 or a waiver from such provisions has been obtained from the Stock Exchange.

Management Contracts

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during the year.

Employees and Remuneration Policy

As at 31 December 2024, the Group had 15,577 employees (2023: 16,814 employees). Compensation for employees of the Group is made with reference to the market as well as individual performance and contributions, and extensive use of bonuses to link performance with reward is adopted. The Group reviews the remuneration policies and packages on a regular basis and make necessary adjustments that accommodate the pay levels in the industry. In addition to basic salaries, the Group also provides a comprehensive benefit package and career development opportunities, including performance-based bonus payments, share options, retirement schemes, medical benefits, and both internal and external training appropriate to individual needs.

Permitted Indemnity Provision

The Articles of Association provides that Directors, secretary and other officers and every auditor of the Company at any time, whether at present or in the past, and the liquidator or trustees (if any) acting or who have acted in relation to any of the affairs of the Company, and everyone of them, and everyone of their heirs, executors and administrators, shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto. During the year, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company maintained a sufficient public float as required by the Listing Rules as at the latest practicable date prior to the issue of this annual report.

Significant Events after the Reporting Period

There were no material events of the Group subsequent to 31 December 2024 and up to the date of this annual report.

Use of Net Proceeds from the Listing

The Shares were listed on the Main Board of the Stock Exchange on 30 October 2020 by way of Global Offering (as defined in the Prospectus), raising the total net proceeds (after deducting professional fees, underwriting commissions and other related listing expenses) of approximately Hong Kong dollars ("**HK$**") 2,913.1 million (the "**Net Proceeds**"). For details of the original proposed allocation of the Net Proceeds, please refer to the section headed "Future Plans and Use of Proceeds — Use of Proceeds" in the Prospectus.

On 29 June 2021, the Group resolved to revise the allocation of the Net Proceeds to apply the unutilised and unplanned Net Proceeds as follows: (i) approximately HK$705.7 million for pursuing strategic acquisitions and investment opportunities to further develop strategic alliances, expand its business scale and increase its market shares in residential property management service market and other non-residential property management and commercial operational service market; (ii) approximately HK$241.3 million for upgrading the intelligent service systems in order to further enhance its operational efficiency and service quality; (iii) approximately HK$145.6 million for further diversifying its value-added services; and (iv) approximately HK$72.8 million for its general corporate purposes and working capital. Details of the re-allocation are set out in the Company's announcement dated 29 June 2021.

On 10 January 2022, the Board resolved to further adjust the allocation proportion of the Net Proceeds as set out in the announcement of the Company dated 10 January 2022 (the "**Announcement**"), and the unutilised and unplanned Net Proceeds were intended to be allocated and used as follows: (i) approximately HK$250 million for pursuing strategic acquisitions and investment opportunities to further develop strategic alliances, expand its business scale and increase its market shares in residential property management service market and other non-residential property management and commercial operational service market; (ii) approximately HK$120.6 million for upgrading the intelligent service systems in order to further enhance its operational efficiency and service quality; (iii) approximately HK$36.4 million for further diversifying its value-added services; and (iv) approximately HK$52.7 million for its general corporate purposes and working capital.

As at 31 December 2024, an analysis of the utilisation of Net Proceeds is as follows:

Use of the Net Proceeds as set out in the Announcement	Revised allocation as stated in the Announcement HK$ million	Unutilised or unplanned Net Proceeds as at 1 January 2024 HK$ million	Utilised or planned Net Proceeds during the year ended 31 December 2024 HK$ million	Unutilised or unplanned Net Proceeds as at 31 December 2024 HK$ million
To pursue strategic acquisitions and investment opportunities	2,703.4	—	—	—
To upgrade the intelligent service systems:				
— to purchase and upgrade hardware, establish smart terminal equipment and Internet of Things Platform	84.2	73.4	3.3	70.1
— to develop and upgrade the intelligence service systems	36.4	—	—	—
Diversification into value-added services:				
— to cooperate with companies that provide complementary community products and services	36.4	36.4	—	36.4
For general corporate purposes and working capital	52.7	—	—	—
Total	2,913.1	109.8	3.3	106.5

Barring unforeseen circumstances, based on the Directors' best estimation, the unutilised or unplanned Net Proceeds will be applied according to the intentions disclosed above before 31 December 2025. However, the actual timing for utilising the Net Proceeds may change.

Auditors

The consolidated financial statements of the Group for the year ended 31 December 2024 have been audited by Prism, who shall retire at the 2025 AGM. A resolution will be proposed at the 2025 AGM to re-appoint Prism as auditor of the Company.

On behalf of the Board

KONG Jianmin
Chairman

Hong Kong
27 March 2025

Biographical Information of Directors and Senior Management

Executive Directors

KONG Jiannan, aged 59, was appointed as a Director on 11 September 2019 and was re-designated as an Executive Director and Chief Executive Officer on 19 June 2020. Mr. Kong is also the member of the Remuneration Committee of the Company. On 2 June 2023, he had stepped down as Chief Executive Officer. He currently holds directorships in various subsidiaries of the Group.

Mr. Kong graduated from the Guangzhou Radio and TV University (廣州市廣播電視大學) (also known as the Open University of China (Guangzhou) (國家開放大學(廣州))) in the PRC majoring in law in October 1988. Mr. Kong has over 24 years of experience in the real estate industry. He joined the Group in May 2004 as a director of Guangzhou Ningjun Property Management Co., Ltd. ("**Ningjun Property**"), where he was primarily responsible for the overall management of Ningjun Property. Prior to joining the Group, from September 1984 to October 1997, he worked at the Dongshan District Justice Bureau (東山區司法局) in Guangzhou, the PRC, where he last served as a section chief. From November 1997 to June 2007, he served as a director of Guangzhou Hejing Real Estate Co., Ltd. (廣州合景房地產開發有限公司), a subsidiary of KWG Holdings, where he was primarily responsible for coordinating and managing human resources, administrative management and IT management. Since June 2007, he has been an executive director and an executive vice president of KWG Holdings (listed on the main board of the Stock Exchange, stock code: 1813), where he is responsible for coordinating and managing human resources, administrative management, IT management and legal affairs.

Mr. Kong has been a president of the 17th and the 18th General Committee of Hong Kong Industrial & Commercial Association (香港工商總會) since August 2019 and March 2022, respectively, and an executive council member of the 2nd Council of Happy Hong Kong Foundation (築福香港基金會) since September 2018. He has also been a council member of Guangzhou Chuanshuo Children's Culture Foundation (廣州船説少兒文化基金會) since March 2017.

Mr. Kong is the elder brother of Mr. Kong Jianmin, a Non-executive Director and the Chairman of the Board.

Pursuant to the service agreement with the Company, Mr. Kong is entitled to receive a basic annual director's fee of HK$150,000.

YANG Jingbo, aged 47, was appointed as an Executive Director in June 2020. She was the general manager of the financial management center of the Group and was then promoted as the Chief Financial Officer of the Group on 24 March 2021, responsible for the financial and treasury matters of the Group. She currently holds directorships in certain subsidiaries of the Group.

Ms. Yang obtained a bachelor's degree in auditing from Guangdong Business College (廣東商學院) (now known as Guangdong University of Finance & Economics (廣東財經大學)) in the PRC in June 2000, an executive master of business administration degree from Jinan University (暨南大學) in the PRC in December 2015 and a master of business administration degree from China Europe International Business School (中歐國際工商學院) in the PRC in March 2025. Ms. Yang has over 24 years of experience in the real estate industry. She joined the Group in September 2009 as the senior tax manager of the Group. From September 2009 to February 2020, she successively served as the senior tax manager, the deputy general manager of financial sharing center and the general manager of finance and tax. She was appointed as the general manager of the financial management center of the Group in February 2020. Prior to joining the Group, from July 2000 to September 2009, she served as manager of finance and tax of the Guangzhou regional branch (廣州地區公司) of Hopson Development Holdings Limited (合生創展集團有限公司), a property developer whose shares are listed on the main board of the Stock Exchange (stock code: 0754), where she was primarily responsible for financial and tax management.

Ms. Yang is currently a member of the China Real Estate Industry Tax Compliance Promotion Committee (中國房地產開發行業稅法遵從提升委員會). She has been the vice president as well as the president of South China division of the Communication Platform of the Corporate Chief Tax Officer (企業稅務總監交流平台) since October 2019 and has been the executive vice president of the Second Financial and Taxation Professional Committee of the Guangdong Real Estate Association (廣東省房地產行業協會第二屆金融與財稅專業委員會) since 29 July 2022. She was a deputy supervisor of Financial Management Committee of Guangdong Real Estate Association (廣東省房地產行業協會財務管理專業委員會) from July 2015 to June 2018. Ms. Yang is a main author of the publications namely Analysis of the Practical Points of Collecting Value-added Tax in lieu of Business Tax (《營改增實務點解構》), Practice of the Filing of Returns of Individual Income Tax on Comprehensive Income on a Consolidated Basis (《個人所得稅綜合所得滙算清繳實務》) and Tax-Related Book for Real Estate Enterprises (《房地產企業涉稅一本通》).

She obtained a qualification of intermediate accountant granted by the Ministry of Finance of the PRC (中華人民共和國財政部) in May 2006, a qualification of certified internal auditor granted by the Institute of Internal Auditors in November 2006 and a qualification of tax accountant granted by the China Association of Chief Financial Officers (中國總會計師協會) in June 2010.

Pursuant to the service agreement with the Company, Ms. Yang is entitled to receive a basic annual director's fee of HK$150,000.

Non-executive Director

KONG Jianmin, aged 57, was appointed as a Non-executive Director and the Chairman of the Board on 19 June 2020. Mr. Kong is also the chairman of the Nomination Committee of the Company. He is responsible for providing guidance and formulation of business strategies for the overall development of the Group.

Mr. Kong graduated from Jinan University (暨南大學) in the PRC majoring in computer science in June 1989. Mr. Kong has over 29 years of experience in property development and investment. He founded KWG Group in November 1994. From November 1994 to April 1995, he served as a general manager of Guangzhou Xinhengchang Enterprises Development Co., Ltd. (廣州新恒昌企業發展有限公司), a subsidiary of the KWG Holdings, where he was primarily responsible for the formulation of strategies and operation plans as well as the implementation of the business plans. From June 1995 to June 2007, he served as the chairman of the board of Guangzhou Hejing Real Estate Development Ltd. (廣州合景房地產開發有限公司), a subsidiary of KWG Holdings, where he was responsible for strategic planning and implementation, sales and marketing of the company. Since July 2007, he has been an executive director and the chairman of the board of directors of KWG Holdings and is responsible for the formulation of the development strategies, as well as supervising project planning, business operation and sales and marketing of KWG Group. Prior to founding KWG Group, from December 1985 to July 1993, he worked at the Baiyun Road Sub-Branch of the Guangzhou Branch of Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司廣州白雲路支行), where he served as a credit officer.

Mr. Kong has been an executive president of the executive committee of Guangdong Real Estate Chamber of Commerce (廣東省地產商會) since March 2008 and has been a director of the board of directors of Jinan University (暨南大學) in the PRC since November 2010. He has also been a director of the board of directors of China Real Estate Developers and Investors Association (中華房地產投資開發商會) since February 2022.

Mr. Kong Jianmin is the younger brother of Mr. Kong Jiannan, an Executive Director.

Pursuant to the appointment letter with the Company, Mr. Kong is entitled to receive a basic annual director's fee of HK$300,000.

Independent Non-executive Directors

LIU Xiaolan, aged 58, was appointed as an Independent Non-executive Director on 9 October 2020 and is primarily responsible for providing independent advice on the operations and management of the Group. Ms. Liu is also the member of the Audit Committee of the Company.

Ms. Liu obtained her bachelor's degree in clinical medicine from Fujian University of Traditional Chinese Medicine (福建中醫學院) in the PRC in July 1988. Ms. Liu has over 12 years of working experience in real estate industry. From May 2002 to May 2005, she served as an assistant to the general manager and the head of the branch management center at Xiamen Powerlong Information Industry Development Co., Ltd. (廈門寶龍信息產業發展有限公司), where she was mainly responsible for assisting the general manager in the daily matters of the company and its branches all over the country. Starting from May 2005, she worked at Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司), a real estate developer in the PRC whose shares are listed on the main board of the Stock Exchange (stock code: 1238), where she was responsible for assisting the president in the daily matters, establishment of management system of the project companies and the management of commercial property management business, and was appointed as an executive director in August 2009. She was re-designated as a non-executive director of Powerlong Real Estate Holdings Limited in April 2012 and resigned in March 2014, and has been appointed as an independent non-executive director with effect from 27 March 2024. From March 2012 to November 2012, she served as the general manager at Kunshan Stereo City Investment Management Co., Ltd. (昆山立體之城投資管理有限公司), a company principally engaged in investment management and consulting services, where she was mainly responsible for investment management of the project. Since September 2013, she has been serving as the chairman of the board of Shanghai Yizhen Investment Management Co., Ltd. (上海溢臻投資管理有限公司), a company principally engaged in real estate consulting services and investment management, where she has been mainly responsible for its company investment and strategy formulation. Since September 2020, she has been serving as an independent non-executive director of Excellence Commercial Property & Facilities Management Group Limited (卓越商企服務集團有限公司), a leading commercial real estate service operator in the PRC whose shares are listed on the main board of the Stock Exchange (stock code: 6989), where she is primarily responsible for providing independent advice on the operations and management of the group.

Ms. Liu has been serving as a mentor of PMBA program of E-house & Wharton Case Study and Teaching Facility (易居沃頓案例研究與教育基地) since June 2015, an economic counselor of Chengdu Skyscraper Economics Promotion Association (成都市樓宇經濟促進會) since September 2019 and a special consultant of Tianfu Institute of Building Economy (樓宇經濟天府學院) since June 2019.

Pursuant to the appointment letter with the Company, Ms. Liu is entitled to receive a basic annual director's fee of HK$300,000.

FUNG Che Wai, Anthony, aged 56, was appointed as an Independent Non-executive Director on 9 October 2020 and is primarily responsible for providing independent advice on the operations and management of the Group. Mr. Fung is also the member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

Mr. Fung received his bachelor's degree in accountancy from The Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic) in Hong Kong in October 1992. Mr. Fung has over 32 years of experience in accounting and financial management. From August 1992 to September 1999, he successively served as a staff accountant, semi senior accountant, senior accountant and manager at Deloitte Touche Tohmatsu, an accounting firm where he was primarily responsible for audit planning and control. From October 1999 to August 2007, Mr. Fung served as a director of Winsmart Consultants Limited (弘陞投資顧問有限公司), a financial consulting company where he was primarily responsible for advising the client on corporate finance and investor relations. From January 2008 to August 2010, Mr. Fung served as a vice president of NagaCorp Limited (金界控股有限公司), a hotel, gaming and leisure operator in Cambodia whose shares are listed on the main board of the Stock Exchange (stock code: 3918), where he was primarily responsible for the development of investor relations and liaison with existing and potential investors as well as analysts. From January 2011 to August 2014, Mr. Fung served as the chief financial officer and company secretary of Zall Smart Commerce Group Ltd. (卓爾智聯集團有限公司) (formerly known as Zall Development (Cayman) Holding Co., Ltd. (卓爾發展(開曼)控股有限公司)), a developer and operator of large-scale consumer product focused wholesale shopping malls in the PRC whose shares are listed on the main board of the Stock Exchange (stock code: 2098), where he was primarily responsible for financial and compliance matters. Mr. Fung served as the chief financial officer and company secretary of Kong Sun Holdings Limited (江山控股有限公司) from July 2014 to April 2017 and from September 2014 to April 2017, respectively, a solar power plants investor and operator whose shares are listed on the main board of the Stock Exchange (stock code: 0295), where he was primarily responsible for the overall financial operations, company secretarial matters and investor relations. From June 2017 to October 2021, Mr. Fung served as an independent non-executive director of S&P International Holding Limited (椰豐集團有限公司), a coconut food manufacturer and seller whose shares are listed on the main board of the Stock Exchange (stock code: 1695), where he was primarily responsible for supervising and providing independent advice to the board. From May 2017 to December 2022, Mr. Fung served as the chief financial officer of Beijing Enterprises Urban Resources Group Limited (北控城市資源集團有限公司), an integrated waste management solution provider whose shares are listed on the main board of the Stock Exchange (stock code: 3718), where he has been primarily responsible for the supervision and management of finance of the group. From April 2017 to August 2023, Mr. Fung was an independent non-executive director of FY Financial (Shenzhen) Co., Ltd. (富銀融資租賃(深圳)有限公司), a financial services provider whose shares are listed on GEM of the Stock Exchange (stock code: 8452), where he has been primarily responsible for supervising and providing independent advice to the board. Since November 2021, Mr. Fung has been appointed as an independent non-executive director of Zhong An Group Limited (眾安集團有限公司), a property developer whose shares are listed on the main board of the Stock Exchange (stock code: 672), where he has been primarily responsible for supervising and providing independent advice to the board. Since September 2023, Mr. Fung has been appointed as an independent non-executive director of Zhejiang Taimei Medical Technology Co., Ltd. (浙江太美醫療科技股份有限公司), a digital solution provider focused on the pharmaceutical and medical device industry whose shares are listed on the main board of the Stock Exchange (stock code: 2576). Since October 2023, Mr. Fung has been appointed as an independent non-executive director of XXF Group Holdings Limited (喜相逢集團控股有限公司), an automobile retailer whose shares are listed on the main board of the Stock Exchange (stock code: 2473). Since December 2023, Mr. Fung has been appointed as an independent non-executive director of Dekon Food and Agriculture Group (四川德康農牧食品集團股份有限公司), a livestock and poultry breeding and farming enterprise whose shares are listed on the main board of the Stock Exchange (stock code: 2419). Since March 2024, Mr. Fung has been appointed as an independent non-executive director of Qyuns Therapeutics Co., Ltd. (江蘇荃信生物醫藥股份有限公司), a clinical-stage biotech company whose shares are listed on the main board of the Stock Exchange (stock code: 2509).

Mr. Fung was admitted as a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") in October 2001 and September 2005, respectively. Mr. Fung is currently a fellow member of the HKICPA.

Pursuant to the appointment letter with the Company, Mr. Fung is entitled to receive a basic annual director's fee of HK$300,000.

NG Yi Kum, aged 67, was appointed as an Independent Non-executive Director on 9 October 2020 and is responsible for providing independent advice on the operations and management of the Group. Ms. Ng is also the member of the Nomination Committee and the chairman of the Audit Committee and the Remuneration Committee of the Company.

Ms. Ng is a qualified accountant and holds a master's degree in business administration from the Hong Kong University of Science and Technology in Hong Kong. She is an associate of The Institute of Chartered Accountants in England and Wales, The Chartered Governance Institute, a fellow of the Association of Chartered Certified Accountants and the HKICPA and a member of the American Institute of Certified Public Accountants. From September 2005 to November 2007, she was an executive director of Hang Lung Properties Limited (恒隆地產有

限公司), a real estate development company whose shares are listed on the main board of the Stock Exchange (stock code: 0101). Prior to her joining in Hang Lung Properties Limited, she worked as a senior vice president of the Stock Exchange. From January 2008 to April 2014, Ms. Ng was the chief financial officer of Country Garden Holdings Company Limited (碧桂園控股有限公司), a real estate development company whose shares are listed on the main board of the Stock Exchange (stock code: 2007). Ms. Ng joined Tse Sui Luen Jewellery (International) Limited (謝瑞麟珠寶(國際)有限公司) ("**TSL**"), a jewellery company whose shares are listed on the main board of the Stock Exchange (stock code: 417), in July 2015 and is currently an executive director, the deputy chairman, the chief strategy officer, the chief financial officer and the company secretary of TSL. Ms. Ng resigned from the above positions in TSL in May 2024 and following her resignation, she acted as a consultant of TSL until June 2024.

Ms. Ng has been an independent non-executive director of Tianjin Development Holdings Limited (天津發展控股有限公司), a utilities, hotel, electrical and mechanical, strategic and other investments and pharmaceutical company whose shares are listed on the main board of the Stock Exchange (stock code: 882), since July 2010, an independent non-executive director of Comba Telecom Systems Holdings Limited (京信通信系統控股有限公司), a solution provider of wireless systems whose shares are listed on the main board of the Stock Exchange (stock code: 2342), since March 2019, an independent non-executive director of CMGE Technology Group Limited (中手游科技集團有限公司), a mobile game publisher whose shares are listed on the main board of the Stock Exchange (stock code: 302), since September 2019, and an independent non-executive director of Powerlong Commercial Management Holdings Limited (寶龍商業管理控股有限公司), a commercial operational and residential property management services provider whose shares are listed on the main board of the Stock Exchange (stock code: 9909), since December 2019.

Ms. Ng served as a director of DS Healthcare Group, Inc. from May 2016 to May 2017, a company which develop proprietary technologies and products of hair care and personal care needs, whose shares were listed on the Nasdaq Capital Market in the United States (old stock code: DSKX) but were delisted in December 2016. She served as an independent director of China Mobile Games and Entertainment Group Limited, a mobile games company listed by way of American Depositary Shares on the Nasdaq Global Market in the United States, from September 2012 to August 2015. From June 2013 to August 2019, Ms. Ng was an independent non-executive director of China Power Clean Energy Development Company Limited (中國電力清潔能源發展有限公司), a clean energy development company which was delisted from the main board of the Stock Exchange (old stock code: 0735) in August 2019. Ms. Ng also served as an independent non-executive director of 3DG HOLDINGS (INTERNATIONAL) LIMITED (金至尊集團(國際)有限公司) (formerly known as Hong Kong Resources Holdings Company Limited (香港資源控股有限公司)), a jewellery company whose shares are listed on the main board of the Stock Exchange (stock code: 2882), from September 2008 to July 2015, an independent non-executive director of Congyu Intelligent Agricultural Holdings Limited (從玉智農集團有限公司)) (formerly known as China Finance Investment Holdings Limited (中國金控投資集團有限公司) and Cypress Jade Agricultural Holdings Limited (從玉農業控股有限公司)), a company principally engaged in agricultural business and money lending business whose shares are listed on the main board of the Stock Exchange (stock code: 0875), from December 2011 to June 2013, and an independent non-executive director of CT Vision S.L. (International) Holdings Limited (中天順聯(國際)控股有限公司) (formerly known as CT Vision (International) Holdings Limited (中天宏信(國際)控股有限公司) and Win Win Way Construction Holdings Limited (恆誠建築控股有限公司)), a construction company whose shares are listed on the main board of the Stock Exchange (stock code: 994), from July 2019 to June 2022.

She is an elected member of Quality Tourism Services Association Governing Council (Retailer Category) with effect from February 2019 to May 2024. She has also contributed her time to various public service appointments, including being a co-opted member of the audit committee of the Hospital Authority from December 2002 to November 2013.

Pursuant to the appointment letter with the Company, Ms. Ng is entitled to receive a basic annual director's fee of HK$300,000.

Senior Management

WANG Zhongqi, aged 41, joined the Group in October 2021 as a vice president and was appointed as the chief executive officer of the Company on 29 August 2024. He has been responsible for the overall strategic deployment, business planning and major operational decisions of the Group, leading the improvement of service operation quality and the diversified innovation of business models, and contributing to the high-quality development of the Group. He currently holds directorships in various subsidiaries of the Company.

Mr. WANG Zhongqi obtained a double bachelor's degree in management and law from Southwest University of Political Science and Law in the PRC in July 2006. Mr. WANG Zhongqi has been deeply involved in the property management industry for more than 18 years, and has multi-disciplinary and multi-functional business practice and group management experience. From July 2006 to August 2014, he served as the group operation and development manager of Longfor Property Service Group Co., Ltd.* (龍湖物業服務集團有限公司), a wholly-owned subsidiary of Longfor Group Holdings Limited (a company listed on the Stock Exchange, stock code: 960), where he was responsible for group's diversified business innovation. From September 2014 to April 2018, he served as the director of group operation and development of Ever Sunshine Services Group Limited (formerly known as CIFI Ever Sunshine Services Group Limited) (a company listed on the Stock Exchange, stock code: 1995), where he was responsible for the deployment of business development and achievement of results of the group, and participated in the preparation for the listing of the group's shares on the National Equities Exchange and Quotations of the PRC and the Stock Exchange. From April 2018 to September 2021, he served as the chief marketing officer and regional general manager of S-Enjoy Service Group Co., Limited (a company listed on the Stock Exchange, stock code: 1755), where he was responsible for the group's innovation strategy research, the incubation and establishment of the business of business units, and the overall operation and management of regional companies. He has extensive experience in benchmarking enterprises and working experience in listed companies.

KUANG Xiaoling, aged 48, joined the Group in March 2007 as a human resources supervisor and was appointed as our human resources general manager in September 2016. She has been the general manager of the human resources and administration center of the Group since February 2020 and has also been appointed as vice president of the Group since March 2021. Ms. Kuang is primarily responsible for the management of human resources and administrative matters of the Group.

Ms. Kuang graduated from Jiangxi Normal University (江西師範大學) in the PRC majoring in English in December 1998, and obtained a master's degree in business administration from Sun Yat-sen University (中山大學) in the PRC in June 2004. Ms. Kuang obtained her Master's degree in business administration from China Europe International Business School in the PRC in August 2021. Prior to joining the Group, from June 2004 to July 2006, Ms. Kuang worked at Productivity (Guangzhou) Consulting Co., Ltd. (生產力(廣州)諮詢有限公司), a company engaged in the provision of environmental technology consulting services, where she served as a consultant responsible for providing human resources consulting services. From August 2005 to March 2006, she worked at PricewaterhouseCoopers, where she served as a senior consultant responsible for providing consulting services. From April 2006 to March 2007, she worked at Mercer Consulting (China) Co., Ltd. Guangzhou Branch (美世諮詢(中國)有限公司廣州分公司), a company engaged in providing enterprises management services, where she served as a consultant responsible for providing human resources consulting services.

* *For identification purposes only*

To the shareholders of KWG Living Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of KWG Living Group Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 75 to 167, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, 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 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements, The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Prism

To the shareholders of KWG Living Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and other intangible assets arising from business combinations As at 31 December 2024, the net carrying amounts of goodwill and other intangible assets arising from business combinations amounted to approximately RMB713,896,000 and RMB364,385,000, respectively. The Group's other intangible assets arising from business combinations comprised (i) property management contracts, (ii) customer relationships and (iii) non-compete agreements, and all these other intangible assets are with finite useful lives. In accordance with Hong Kong Accounting Standard 36 *Impairment of Assets* ("**HKAS 36**"), the Group is required to annually test the goodwill for impairment. Besides, according to HKAS 36, for an intangible asset with a finite useful life, the Group shall also assess at the end of each reporting period whether there is any indication that the intangible asset may be impaired and shall test the intangible asset for impairment if such indication exists. For impairment testing, goodwill acquired through business combination is allocated to each of the cash-generating units ("**CGUs**"), or groups of CGUs. The Group engages an independent valuer to assist in the estimation. The key estimates involved in preparing the expected future cash flows include (i) annual revenue growth rate; (ii) gross profit margins; (iii) terminal growth rate and (iv) discount rate, etc.	The audit procedures in relation to the impairment assessment of goodwill and other intangible assets arising from business combinations included: • Obtain an understanding and evaluate the appropriateness and reasonableness of impairment policies for goodwill and related intangible assets; • Test the Group's internal controls over impairment assessment, including the design and implementation of policies and procedures; • Evaluate the reasonableness and appropriateness for allocating goodwill and other intangible assets arising from business combinations to each of the CGUs, or groups of CGUs; • Evaluate the objectivity, independence and competency of the valuer engaged by the Group; • Involve our auditor's expert to assist us to assess the methodologies and assumptions regarding (i) annual revenue growth rate; (ii) gross profit margins; (iii) terminal growth rate and (iv) discount rate, used in the impairment assessment; • Focus on the adequacy of the entity's disclosures related to impairment of goodwill and other intangible assets in the consolidated financial statement;

To the shareholders of KWG Living Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Key audit matter	How our audit addressed the key audit matter
We have identified impairment of goodwill and other intangible assets arising from business combinations as a key audit matter due to the overall significance of the balances to the consolidated financial statements, and the management's assessment on the impairment was complex and involves significant management judgements and estimates. Relevant disclosure information can be found in the notes to the consolidated financial statements 2.4, 3, 16 and 17.	Based on the above, we found that the significant management judgements and key assumptions used in the impairment assessment of goodwill and other intangible assets arising from business combinations are supported by the available evidence.
Impairment assessment of trade receivables and prepayments, other receivables and other assets As at 31 December 2024, the gross amount of the Group's trade receivables and prepayments, other receivables and other assets amounted to approximately RMB3,805,535,000 and RMB818,722,000 respectively, against which an allowance for impairment of RMB1,021,895,000 and RMB123,773,000 respectively, were made based on the expected credit loss approach under Hong Kong Financial Reporting Standard ("**HKFRS**") 9 *Financial Instruments*.	For the impairment assessment of trade receivables and prepayments, other receivables and other assets, We performed the audit procedures including: • Review the Group's credit policy and provision policy for determining loss allowance in respect of trade receivables and, prepayments, other receivables and other assets respectively; • Assess the design and implementation of key internal controls which govern the debt collection and estimate of expected credit loss ("**ECL**"); • Inquire the management for the basis on groupings of various customer segments for ECL assessment by (i) its business nature, (ii) internal credit rating; and (iii) days past due and consider that the basis of groupings is reasonable;

Prism

To the shareholders of KWG Living Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Key audit matter	How our audit addressed the key audit matter
For trade receivables, the Group applied the simplified approach in calculating ECLs that recognised a loss allowance based on lifetime ECLs at each reporting date. The Group engaged an independent valuer to assist in the estimation. The Group used a provision matrix to measure expected credit losses based on groupings of various customer segments with similar loss patterns and takes into account historical default rates and forward-looking information. For prepayments, other receivables and other assets, the Group measured the loss allowance equal to 12-month expected credit loss, unless when there was a significant increase in credit risk since initial recognition, the Group recognised lifetime expected credit losses. The assessment of whether lifetime expected credit losses should be recognised was based on significant increase in the likelihood or risk of a default occurring since initial recognition. As the assessment of the expected credit loss allowance of trade receivables and prepayments, other receivables and other assets involved significant management judgements and estimates, it was identified as a key audit matter. The relevant disclosure is included in the consolidated financial statements notes 2.4, 3, 21, 22 and 39.	• Evaluate the objectivity, independence and competency of the valuer engaged by the Group; • Involve our auditor's expert to assist us to assess the methodologies and assumptions adopted including: (i) referring to the contract, credit information and historical settlement performance of debtors for the loss rate; (ii) understanding of the Group's business, industry and external macroeconomic data, challenge, debtors' financial condition and current market conditions for historical and forward-looking information; (iii) considering the effect on time value of currency appropriately; • Test on a sample basis the accuracy of management's aging analysis of trade receivables and prepayments, other receivables and other assets; • Verify the mathematical accuracy of the calculation of the loss allowance; and • Evaluate the adequacy of disclosures related to expected credit losses on trade receivables and prepayments, other receivables and other assets in the consolidated financial statement. Based on the above, we found that the significant judgments and estimates made by management for the expected credit loss assessment, are supported by available evidence.

Prism

To the shareholders of KWG Living Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so. The directors of the Company are assisted by the audit committee of the Company (the "**Audit Committee**") in discharging their responsibilities 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. Our report is made 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.

To the shareholders of KWG Living Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

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 scepticism throughout the audit. We also:

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

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

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

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

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

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

To the shareholders of KWG Living Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Lee Kwok Lun.

Prism Hong Kong Limited
Certified Public Accountants
Lee Kwok Lun
Practising Certificate Number: P06294
Hong Kong

27 March 2025

Consolidated Statement of Profit or Loss

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	**3,573,469**	3,848,973
Cost of sales		**(2,690,811)**	(2,666,609)
Gross profit		**882,658**	1,182,364
Other income and gains	5	**121,329**	46,483
Selling and distribution expenses		**(5,488)**	(4,314)
Administrative expenses		**(471,595)**	(507,409)
Other expenses, net		**(1,049,953)**	(548,181)
Finance costs	7	**(33,036)**	(35,464)
Share of profit of:			
Joint ventures	18	**7,029**	4,712
Associates	19	**127**	1,784
(LOSS)/PROFIT BEFORE TAX	6	**(548,929)**	139,975
Income tax expenses	10	**(9,730)**	(77,657)
(LOSS)/PROFIT FOR THE YEAR		**(558,659)**	62,318
Attributable to:			
Owners of the parent		**(572,282)**	30,303
Non-controlling interests		**13,623**	32,015
		(558,659)	62,318
(LOSSES)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (expressed in RMB cents per share)	12	**(28.25)**	1.50
Diluted (expressed in RMB cents per share)	12	**(28.25)**	1.50

Consolidated Statement of Comprehensive Income

Year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
(LOSS)/PROFIT FOR THE YEAR	**(558,659)**	62,318
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(31,704)**	(20,617)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(31,704)**	(20,617)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**45,424**	33,814
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**45,424**	33,814
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**13,720**	13,197
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(544,939)**	75,515
Attributable to:		
Owners of the parent	**(558,562)**	43,500
Non-controlling interests	**13,623**	32,015
	(544,939)	75,515

Consolidated Statement of Financial Position

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**60,099**	78,885
Investment properties	14	**3,936**	4,722
Goodwill	16	**713,896**	1,343,904
Other intangible assets	17	**383,358**	570,414
Investment in joint ventures	18	**11,420**	7,490
Investment in associates	19	**7,753**	7,626
Deferred tax assets	20	**313,883**	230,864
Other non-current assets		**3,498**	8,000
Total non-current assets		**1,497,843**	2,251,905
CURRENT ASSETS			
Trade receivables	21	**2,783,640**	2,441,232
Prepayments, other receivables and other assets	22	**694,949**	752,009
Restricted cash	23	**62,478**	6,323
Cash and cash equivalents	23	**1,145,614**	1,442,889
Total current assets		**4,686,681**	4,642,453
CURRENT LIABILITIES			
Trade payables	24	**609,032**	534,764
Other payables and accruals	25	**1,046,868**	1,186,252
Contract liabilities	5	**269,120**	258,809
Lease liabilities	15	**2,425**	3,622
Interest-bearing bank and other borrowings	26	**126,293**	148,020
Tax payable		**494,785**	421,097
Total current liabilities		**2,548,523**	2,552,564
NET CURRENT ASSETS		**2,138,158**	2,089,889
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,636,001**	4,341,794
NON-CURRENT LIABILITIES			
Lease liabilities	15	**3,495**	3,139
Interest-bearing bank and other borrowings	26	**397,832**	488,989
Deferred tax liabilities	20	**92,563**	140,263
Total non-current liabilities		**493,890**	632,391
Net assets		**3,142,111**	3,709,403

	Notes	**2024 RMB'000**	2023 RMB'000
EQUITY			
Share capital	28	**17,568**	17,568
Reserves	30	**2,820,848**	3,377,893
Equity attributable to owners of the parent		**2,838,416**	3,395,461
Non-controlling interests		**303,695**	313,942
Total equity		**3,142,111**	3,709,403

KONG Jiannan
Director

YANG Jingbo
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

		Attributable to owners of the parent								
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000 Note 30(a, b)	Employee share-based compensation reserve RMB'000 Note 30(c)	Statutory surplus funds RMB'000 Note 30(d)	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	17,568	2,189,462	(221,220)	9,969	104,657	(33,210)	1,074,387	3,141,613	286,906	3,428,519
Profit for the year	—	—	—	—	—	—	30,303	30,303	32,015	62,318
Other comprehensive income for the year:										
Exchange differences on translation into presentation currency	—	—	—	—	—	13,197	—	13,197	—	13,197
Total comprehensive income for the year	—	—	—	—	—	13,197	30,303	43,500	32,015	75,515
Contribution from a shareholder (note 30(b))	—	—	1,189	—	—	—	—	1,189	—	1,189
Share-based compensation expenses	—	—	—	(2,650)	—	—	—	(2,650)	—	(2,650)
Transfer to statutory surplus funds	—	—	—	—	22,189	—	(22,189)	—	—	—
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	(4,979)	(4,979)
Derecognition of the obligation of acquisition of the non-controlling interests of a subsidiary	—	—	211,809	—	—	—	—	211,809	—	211,809
At 31 December 2023	17,568	2,189,462*	(8,222)*	7,319*	126,846*	(20,013)*	1,082,501*	3,395,461	313,942	3,709,403

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Attributable to owners of the parent									
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000 Note 30(a, b)	Employee share-based compensation reserve RMB'000 Note 30(c)	Statutory surplus funds RMB'000 Note 30(d)	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	17,568	2,189,462	(8,222)	7,319	126,846	(20,013)	1,082,501	3,395,461	313,942	3,709,403
(Loss)/profit for the year	–	–	–	–	–	–	(572,282)	(572,282)	13,623	(558,659)
Other comprehensive income for the year:										
Exchange differences on translation into presentation currency	–	–	–	–	–	13,720	–	13,720	–	13,720
Total comprehensive income/(loss) for the year	–	–	–	–	–	13,720	(572,282)	(558,562)	13,623	(544,939)
Contribution from a shareholder (note 30(b))	–	–	1,189	–	–	–	–	1,189	–	1,189
Share-based compensation expenses	–	–	–	328	–	–	–	328	–	328
Transfer to statutory surplus funds	–	–	–	–	95,912	–	(95,912)	–	–	–
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(27,870)	(27,870)
Proceeds from capital injection from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	4,000	4,000
At 31 December 2024	17,568	2,189,462*	(7,033)*	7,647*	222,758*	(6,293)*	414,307*	2,838,416	303,695	3,142,111

* These reserve accounts comprised the consolidated reserves of approximately RMB2,820,848,000 (2023: approximately RMB3,377,893,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(548,929)**	139,975
Adjustments for:			
Finance costs	7	**33,036**	35,464
Share of profit of:			
Joint ventures	18	**(7,029)**	(4,712)
Associates	19	**(127)**	(1,784)
Interest income	5	**(2,438)**	(2,807)
Realised income from wealth management financial products	5	**(140)**	(1,360)
Gains on disposal of items of property, plant and equipment, net	5	**(2,056)**	(1,224)
Depreciation of property, plant and equipment	6	**28,382**	34,830
Amortisation of other intangible assets	6	**117,782**	131,252
Impairment losses on property, plant and equipment	6	**819**	—
Impairment losses on financial assets, net	6	**322,974**	272,954
Impairment losses on goodwill	6	**630,008**	255,840
Impairment losses on other intangible assets	6	**82,892**	—
Share-based payment expense		**1,189**	1,189
Share-based compensation expense		**328**	432
Fair value losses on investment properties	6	**786**	1,578
Loss on disposal of investment in a joint venture		**1,188**	—
Provision for compensation on profit guarantee	5	**(96,479)**	—
		562,186	861,627
Increase in trade receivables		**(617,693)**	(594,730)
Decrease/(increase) in prepayments, other receivables and other assets		**13,103**	(354,534)
Increase in other non-current assets		**—**	(6,275)
(Increase)/decrease in restricted cash		**(56,155)**	13,089
Increase/(decrease) in trade payables		**74,268**	(40,605)
Increase/(decrease) in other payables and accruals		**47,954**	(144,353)
Increase in contract liabilities		**10,311**	32,864
Cash generated from/(used in) operations		**33,974**	(232,917)
Interest received		**2,438**	2,807
Interest paid		**(253)**	(361)
Income tax paid		**(66,761)**	(145,300)
Net cash flows used in operating activities		**(30,602)**	(375,771)

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		**(13,687)**	(12,788)
Purchase of other intangible assets	17	**(13,763)**	(3,083)
Proceeds from disposal of items of property, plant and equipment and other intangible assets		**7,638**	9,505
Investment in a joint venture		**—**	(240)
Purchase of wealth management financial products		**(55,000)**	(157,000)
Disposal of wealth management financial products		**55,000**	157,000
Realised income received from wealth management financial products	5	**140**	1,360
Cash advances made to related parties		**(45,005)**	(72,493)
Repayment from related parties		**45,261**	72,854
Acquisition of subsidiaries		**—**	(62,300)
Dividend received from an associate		**1,661**	1,835
Proceeds from disposal of a joint venture		**764**	—
Net cash flows used in investing activities		**(16,991)**	(65,350)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of bank loans and other borrowings		**40,500**	646,505
Repayment of bank loans and other borrowings		**(153,384)**	(561,046)
Principal portion of lease payments		**(3,006)**	(8,884)
Proceeds from capital injection from non-controlling shareholders		**4,000**	—
Dividends paid to non-controlling shareholders		**(27,870)**	(4,979)
Dividends paid		**(77,143)**	—
Interest paid		**(32,783)**	(35,103)
Net cash flows (used in)/from financing activities		**(249,686)**	36,493
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(297,279)**	(404,628)
Cash and cash equivalents at beginning of the year		**1,442,889**	1,847,501
Effect of foreign exchange rate changes, net		**4**	16
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,145,614**	1,442,889
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**1,145,614**	1,442,889
Cash and cash equivalents as stated in the statement of financial position and statement of cash flows		**1,145,614**	1,442,889

1. Corporate and Group Information

General information

KWG Living Group Holdings Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands on 11 September 2019. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively the "**Group**") were involved in the provision of residential property management services and non-residential property management and commercial operational services in the People's Republic of China (the "**PRC**").

In the opinion of the directors, the immediate and ultimate holding company of the Company was Plus Earn Consultants Limited ("**Plus Earn**"), which was incorporated in the British Virgin Islands ("**BVI**").

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Robust Profit Enterprises Limited	BVI	US$50,000	100	—	Investment holding
Forever Fame Enterprises Limited	BVI	US$50,000	—	100	Investment holding
Ever Thriving Developments Limited	BVI	US$1	—	100	Investment holding
Gorgeous Chance Development Limited	Hong Kong	HK$1	—	100	Investment holding
KWG Living Group (Hong Kong) Co., Ltd.	Hong Kong	HK$1	—	100	Investment holding
Guangzhou Ningjun Property Management Co., Ltd. ("**Ningjun Property**")#*	PRC/Chinese Mainland	RMB70,000,000	—	100	Property management
Guangdong Hejing Youhuo Holdings Group Co., Ltd. ("**Guangdong Hejing Youhuo**")#^	PRC/Chinese Mainland	RMB2,250,000,000	—	100	Business services
Guangzhou Guanli Property Agency Co., Ltd.#*	PRC/Chinese Mainland	RMB1,000,000	—	100	Real estate intermediary business
Guangzhou Liheng Commercial Management Co., Ltd.#*	PRC/Chinese Mainland	RMB100,000,000	—	100	Commercial operational services
Meishan Jiangtianyue Property Management Co., Ltd.#*	PRC/Chinese Mainland	RMB5,000,000	—	100	Property management
Guangdong Gangyu Enterprise Management Co., Ltd. ("**Gangyu Enterprise**")#*	PRC/Chinese Mainland	RMB5,000,000	—	100	Business services
Guangzhou Yijia Chuangsheng Property Management Co., Ltd.#*	PRC/Chinese Mainland	RMB20,000,000	—	100	Property management
Guangzhou Huanyu Property Management Co., Ltd.#*	PRC/Chinese Mainland	RMB2,000,000	—	60	Property management

1. Corporate and Group Information *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Foshan Xingyu Property Management Co., Ltd.#*	PRC/Chinese Mainland	RMB500,000	—	60	Property management
Guangzhou Runtong Property Management Co., Ltd. ("**Guangzhou Runtong**")#*	PRC/Chinese Mainland	RMB11,180,000	—	80	Property management
Shanghai Shenqin Property Management Service Co., Ltd. ("**Shanghai Shenqin**")#*	PRC/Chinese Mainland	RMB40,000,000	—	80	Property management
Junchang Property Management Co., Ltd.#*	PRC/Chinese Mainland	RMB50,000,000	—	100	Property management
Jiangsu Nuoshang Property Agency Co., Ltd.#*	PRC/Chinese Mainland	RMB10,000,000	—	100	Real estate consultant
Suzhou Junlin Commercial Management Co., Ltd.#*	PRC/Chinese Mainland	RMB3,000,000	—	100	Business services
Guangzhou Juhui Commercial Management Co., Ltd.#*	PRC/Chinese Mainland	RMB1,000,000	—	100	Business services
Guangdong Xuanyu Real Estate Agent Co., Ltd.#*	PRC/Chinese Mainland	RMB10,000,000	—	100	Real estate intermediary business
Guangzhou Jiayu Real Estate Agent Co., Ltd.#*	PRC/Chinese Mainland	RMB500,000	—	100	Real estate intermediary business
Chengdu Jingteng Real Estate Agent Co., Ltd.#*	PRC/Chinese Mainland	RMB500,000	—	100	Real estate intermediary business
Jiangxi Yinwan Property Management Co., Ltd#*	PRC/Chinese Mainland	RMB26,000,000	—	73.6	Property management
Guangxi Yinwan Property Management Co., Ltd#*	PRC/Chinese Mainland	RMB16,000,000	—	73.6	Property management
Guizhou Yinwan Property Management Co., Ltd#*	PRC/Chinese Mainland	RMB5,000,000	—	73.6	Property management
Ningbo Meiwuyi Property Management Co., Ltd#*	PRC/Chinese Mainland	RMB11,000,000	—	72	Property management
Guangzhou Qingde Security Service Co., Ltd#*	PRC/Chinese Mainland	RMB20,000,000	—	80	Property management
Guangzhou Youxiangjia Intelligent Engineering Co., Ltd#*	PRC/Chinese Mainland	RMB8,000,000	—	100	Intelligent engineering services
Guangzhou Hengsheng Intelligent Engineering Co., Ltd#*	PRC/Chinese Mainland	RMB1,000,000	—	100	Intelligent engineering services

1. Corporate and Group Information *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Guangxi Yaotai Advertising Planning Co., Ltd.#*	PRC/Chinese Mainland	RMB10,000,000	—	100	Advertising planning
Guangdong Telijie Environment Engineering Co., Ltd. ("**Guangdong Telijie**")#*	PRC/Chinese Mainland	RMB30,010,000	—	55	Urban and rural environmental sanitation service
Living Technology Co., Ltd. ("**Living Technology**")#*	PRC/Chinese Mainland	RMB787,500,000	—	80	Investment holding
Shanghai Culture Yinwan Property Management Co., Ltd#*	PRC/Chinese Mainland	RMB200,000,000	—	73.6	Property management
Guangzhou Qingde Property Management Co., Ltd.#*	PRC/Chinese Mainland	RMB60,000,000	—	80	Property management
Guangzhou Junhua Property Service Co., Ltd.#*	PRC/Chinese Mainland	RMB5,000,000	—	80	Property management
Hunan Huating Property Management Co., Ltd.#*	PRC/Chinese Mainland	RMB20,000,000	—	64	Property management
Hunan Jiayuan Property Management Co., Ltd.#*	PRC/Chinese Mainland	RMB10,010,000	—	80	Property management
Zhoushan Putuo Zhongan Property Management Co., Ltd.#*	PRC/Chinese Mainland	RMB3,000,000	—	72	Property management
Guangdong Hongshun Property Service Co., Ltd.#*	PRC/Chinese Mainland	RMB51,800,000	—	64	Property management
Nanjing Yonghe Property Management Co., Ltd.#*	PRC/Chinese Mainland	RMB5,000,000	—	79.7	Property management

The English names of all group companies registered in the PRC represent the best efforts made by the directors of the Company to translate the Chinese names of these companies as they do not have official English names.

^ This entity is registered as a wholly-foreign-owned enterprise under PRC law.

* These entities are registered as domestic enterprises under PRC law.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particular of excessive length.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for investment properties. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in Accounting Policies and Disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised HKFRSs are described below:

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

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

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

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

Except as described below, the adoption of the above revised standards has had no significant financial effect on these consolidated financial statement.

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards — Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRSs.

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards *(Continued)*

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable.

Annual Improvements to HKFRS Accounting Standards — Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 Financial Instruments: Disclosures: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 Financial Instruments: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards *(Continued)*

- HKFRS 10 Consolidated Financial Statements: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 Statement of Cash Flows: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group consider that, these new and revised HKFRSs are unlikely to have a significant impact on the Group's financial statements.

2.4 Material Accounting Policies

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

2.4 Material Accounting Policies *(continued)*

Business combinations other than those under common control and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.4 Material Accounting Policies *(continued)*

Business combinations other than those under common control and goodwill *(Continued)*

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 Material Accounting Policies *(continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 Material Accounting Policies *(continued)*

Related parties *(continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 Material Accounting Policies *(continued)*

Property, plant and equipment and depreciation *(continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings (excluding the right-of-use assets)	5% to 33%
Plant and machinery	9% to 33%
Furniture and fixtures	18% to 33%
Motor vehicles (excluding the right-of-use assets)	9% to 50%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as an asset revaluation reserve. For a transfer from properties under development or completed properties held for sale to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

2.4 Material Accounting Policies *(continued)*

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 1 to 10 years.

Property management contracts acquired in business combinations

Property management contracts acquired in business combinations are recognised at fair value at the acquisition date and are amortised on the straight-line basis over their estimated useful lives of 2 to 4 years.

Customer relationships acquired in business combinations

Customer relationships acquired in business combinations are recognised at fair value at the acquisition date and are amortised on the straight-line basis over their estimated useful lives of 10 years. The Group estimates the useful life of the customer relationships and determines the amortisation periods with reference to its industry experience and taking into account the customer turnover history and expectation of the renewal pattern of property management contracts.

Non-compete agreements acquired in business combinations

Non-compete agreements acquired in business combinations are recognised at fair value at the acquisition date and are amortised on the straight-line basis over their estimated useful lives of 9 months to 7 years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2.4 Material Accounting Policies *(continued)*

Leases *(continued)*

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets (relate to the buildings and motor vehicles) are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	1 to 20 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.4 Material Accounting Policies *(continued)*

Leases *(continued)*

Group as a lessee *(continued)*

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

2.4 Material Accounting Policies *(continued)*

Investments and other financial assets *(continued)*

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 Material Accounting Policies *(continued)*

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1	—	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	—	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	—	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 Material Accounting Policies *(continued)*

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing bank and other borrowings and lease liabilities.

Subsequent measurement
The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost
After initial recognition, trade payables, other payables and accruals, and interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts
Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2.4 Material Accounting Policies *(continued)*

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short term highly liquid deposits with a maturity of generally within three months that are readily convertible in to known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 Material Accounting Policies *(continued)*

Income tax *(continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

2.4 Material Accounting Policies *(continued)*

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Residential property management services

The Group provides residential property management services, pre-sale management services and community value-added services related to the residential properties to property developers, property owners, property owners' associations or residents.

(i) For residential property management services, the Group bills a fixed amount for services provided on a monthly or quarterly 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.

(ii) Pre-sale management services mainly include cleaning, security and maintenance services for pre-sale display units and sales offices to property developers at the pre-delivery stage. The Group agrees the price for each service with the property developers upfront, issues the monthly bill to the property developers which varies based on the actual level of service completed in that month, and recognises revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

(iii) For community value-added services, such as resident services and property agency services to property developers, revenue is recognised when the related value-added services are rendered. Payment of the transaction is due immediately when the value-added services are rendered to the customer.

2.4 Material Accounting Policies *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers *(continued)*

(b) Non-residential property management and commercial operational services

The Group provides commercial property management services, pre-sale management services, commercial operational services and other value-added services related to the commercial properties, including office buildings and shopping malls, to property developers, owners of the commercial properties or tenants.

(i) The Group enters into commercial property management service contracts with property owners or tenants, pursuant to which the Group provides commercial property management services including file management, cleaning, security and maintenance services.

For the provision of commercial property management services to property owners or tenants at the operation stage of the commercial properties, the Group recognises the fee received or receivable as its revenue over time in the period in which the customer simultaneously receives and consumes the benefits provided by the services performed by the Group and all the related management costs as its cost of services.

(ii) The Group enters into pre-sale management services with property developers or owners of the commercial properties, pursuant to which the Group provides cleaning, security and maintenance services for pre-sale display units and sales offices at the pre-delivery stage. 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.

(iii) The Group enters into commercial operational service contracts with property developers or owners of office buildings and shopping malls, pursuant to which the Group provides the following services:

— preliminary planning and consultancy services, tenant sourcing services, and marketing and promotion services to property owners during the preparation stage; and

— commercial operational services during the operation stage, including tenant management services.

Revenue in respect of the provision of preliminary planning and consultancy services, tenant sourcing services, and marketing and promotion services was recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation.

For commercial operational services during the operational stage, the Group bills a service fee based on a net basis with respect to shopping malls or a profit mark-up on top of cost with respect to office buildings.

2.4 Material Accounting Policies *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers *(continued)*

(b) Non-residential property management and commercial operational services (continued)

(iv) The Group provides other value-added services including mainly car parks, advertising spaces and common area management services.

When the Group leases car parks from property developers and operates the leased car parks, revenue is recognised when the related service is rendered. The Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

For property management service income from properties managed under a lump sum basis, where the Group acts as a principal and is primarily responsible for providing the property management services to the property owners, the Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of services. For property management service income from properties managed under a commission basis, the Group recognises the revenue, which is calculated by a certain percentage of the total property management fee received or receivable from the property units on behalf of the property owners, for arranging and monitoring the services as provided by other suppliers to the property owners.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 29 to the financial statements.

2.4 Material Accounting Policies *(continued)*

Share-based payments *(continued)*

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 Material Accounting Policies *(continued)*

Other employee benefits

Pension schemes

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal governments. These subsidiaries are required to contribute a certain portion of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group also operates pension scheme under the rules and regulations of the Mandatory Provident Fund ('**MPF**") Scheme Ordinance (the "**MPF Scheme**") for all its qualifying employees in Hong Kong, further details of which are given in note 27 to the financial statement. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 Material Accounting Policies *(continued)*

Foreign currencies

The financial statements is presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currency of the Company and certain of its Hong Kong and overseas subsidiaries is the Hong Kong dollar ("**HK$**"). As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of the Company, and its Hong Kong and overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the Company and its overseas subsidiaries which arise throughout the reporting period are translated into RMB at the weighted average exchange rates for the reporting period.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill and other intangible assets arising from business combinations

The Group determines whether goodwill and other intangible assets arising from business combinations is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The net carrying amount of goodwill and other intangible assets arising from business combination at 31 December 2024 were approximately RMB713,896,000 and RMB364,385,000 respectively (2023: approximately RMB1,343,904,000 and RMB560,672,000 respectively). Further details are given in note 16 and note 17 to the financial statements.

Provision for expected credit losses on trade receivables and prepayments, other receivables and other assets

The Group uses a provision matrix to calculate ECLs for trade receivables and prepayments, other receivables and other assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the property development sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and prepayments, other receivables and other assets is disclosed in note 21 and note 22 to the financial statements, respectively.

3. Significant Accounting Judgements and Estimates *(Continued)*

Estimation uncertainty *(Continued)*

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2024 were approximately RMB25,807,000 (2023: approximately RMB23,654,000). The amount of unrecognised tax losses at 31 December 2024 were approximately RMB12,979,000 (2023: approximately RMB11,831,000). Further details are contained in note 20 to the financial statements.

4. Operating Segment Information

For management purposes, the Group is organised into two reportable operating segments as follows:

(a) Residential property management services; and

(b) Non-residential property management and commercial operational services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

The revenue from external customers reported to management is measured as segment revenue, which is the revenue derived from the customers in each segment.

No analysis of segment assets and segment liabilities is presented as this information is not regularly provided to management for review.

4. Operating Segment Information *(continued)*

The following is an analysis of the Group's revenue and results by operating and reportable segment:

Year ended 31 December 2024

	Residential property management services RMB'000	Non-residential property management and commercial operational services RMB'000	Total RMB'000
Segment revenue	1,769,176	1,804,293	3,573,469
Segment result	326,828	215,169	541,997
Reconciliation:			
Interest income and unallocated income			121,329
Unallocated expenses			(1,179,219)
Finance costs			(33,036)
Loss before tax			(548,929)
Income tax expenses			(9,730)
Loss for the year			(558,659)
Other segment information			
Share of profit and loss of:			
Joint ventures	7,029	–	7,029
Associates	547	(420)	127
Depreciation of property, plant and equipment			28,382
Amortisation of other intangible assets			117,782
Impairment losses on property, plant and equipment			819
Impairment losses on goodwill			630,008
Impairment losses on other intangible assets			82,892
Impairment losses on trade receivables, net			279,787
Impairment losses on prepayments, other receivables and other assets, net			43,187
Capital expenditure*	20,552	6,867	27,419
Unallocated amounts of capital expenditure			2,196
			29,615

4. Operating Segment Information *(continued)*

Year ended 31 December 2023

	Residential property management services RMB'000	Non-residential property management and commercial operational services RMB'000	Total RMB'000
Segment revenue	1,744,067	2,104,906	3,848,973
Segment result	395,590	419,607	815,197
Reconciliation:			
Interest income and unallocated income			46,483
Unallocated expenses			(686,241)
Finance costs			(35,464)
Profit before tax			139,975
Income tax expenses			(77,657)
Profit for the year			62,318
Other segment information			
Share of profit and loss of:			
Joint ventures	4,391	321	4,712
Associates	(119)	1,903	1,784
Depreciation of property, plant and equipment			34,830
Amortisation of other intangible assets			131,252
Impairment losses on goodwill			255,840
Impairment losses on trade receivables, net			205,947
Impairment losses on prepayments, other receivables and other assets, net			67,007
Capital expenditure*	9,161	6,689	15,850
Unallocated amounts of capital expenditure			6,554
			22,404

* Capital expenditure consists of additions to property, plant and equipment and other intangible assets.

Geographical information

The Group's revenue from customers is derived solely from its operations and services rendered in Chinese Mainland, and the non-current assets of the Group are mainly located in Chinese Mainland.

4. Operating Segment Information *(continued)*

Information about major customers

For the years ended 31 December 2024 and 2023, approximately RMB408,334,000 and RMB658,026,000 of revenue were derived from KWG Group Holdings Limited ("**KWG Holdings**") and its subsidiaries and its joint ventures, associates and other related parties, respectively.

5. Revenue, Other Income and Gains and Contract Liabilities

Revenue from contracts with customers

Revenue comprised proceeds from residential property management services and non-residential property management and commercial operational services during the reporting period. An analysis of revenue is as follows:

(a) Disaggregated revenue information

	2024 RMB'000	2023 RMB'000
Types of services by segment		
Residential property management services		
Pre-sale management services	82,549	180,978
Property management services	1,464,528	1,340,910
Community value-added services	222,099	222,179
	1,769,176	1,744,067
Non-residential property management and commercial operational services		
Pre-sale management services	22,127	24,159
Property management services	1,621,214	1,830,721
Commercial operational services	55,876	121,059
Other value-added services	105,076	128,967
	1,804,293	2,104,906
Total revenue from contracts with customers	3,573,469	3,848,973
Timing of revenue recognition		
Revenue from contracts with customers recognised over time	3,429,458	3,649,726
Revenue from contracts with customers recognised at a point in time	144,011	199,247
Total	3,573,469	3,848,973

5. Revenue, Other Income and Gains and Contract Liabilities *(continued)*

Revenue from contracts with customers *(continued)*

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

For residential property management services and non-residential property management and commercial operational services, the Group recognised revenue in the amount that equals to the rights to invoices which corresponds directly with the value to the customers of the Group's performance to date. The Group has elected the practical expedient for not to disclose the remaining performance obligation for these types of contracts because the performance obligation is part of a contract that has an original expected duration of one year or less, and there was an unsatisfied performance obligation at the end of each of the respective periods.

Contract liabilities

The Group recognised the following revenue-related contract liabilities:

	2024 RMB'000	2023 RMB'000
Third parties	**268,227**	258,150
Related parties (note 36(c))	**893**	659
Contract liabilities	**269,120**	258,809

Contract liabilities of the Group mainly arise from the advance payments received from customers for services yet to be provided. The increase in contract liabilities as at 31 December 2024 was mainly due to the increase in advances received from customers in relation to the provision of property management services at the end of the year.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Residential property management services	**197,417**	173,623
Non-residential property management and commercial operational services	**26,529**	24,642
	223,946	198,265

5. Revenue, Other Income and Gains and Contract Liabilities *(continued)*

Other income and gains

	2024 RMB'000	2023 RMB'000
Interest income	**2,438**	2,807
Government grants	**7,439**	20,141
Gains on disposal of items of property, plant and equipment, net	**2,056**	1,224
Late penalty income	**6,500**	2,459
Tax incentives on value-added tax	**3,083**	14,252
Realised income from wealth management financial products	**140**	1,360
Provision for compensation on profit guarantee	**96,479**	—
Others	**3,194**	4,240
	121,329	46,483

6. (Loss)/Profit before Tax

The Group's (loss)/profit before tax is arrived at after charging:

	Notes	2024 RMB'000	2023 RMB'000
Cost of services provided		**2,690,811**	2,666,609
Depreciation of property, plant and equipment*	13	**28,382**	34,830
Amortisation of other intangible assets**	17	**117,782**	131,252
Auditors' remuneration		**3,600**	3,720
Loss on disposal of investment in a joint venture***		**1,188**	—
Fair value losses on investment properties***	14	**786**	1,578
Employee benefit expense* (excluding directors' and chief executive's remuneration (note 8)):			
Wages and salaries		**1,043,454**	1,098,996
Share-based compensation expense		**1,468**	1,415
Pension scheme contributions		**102,950**	103,691
Other employee benefits		**114,760**	122,671
		1,262,632	1,326,773
Impairment losses on property, plant and equipment***	13	**819**	—
Impairment losses on goodwill***	16	**630,008**	255,840
Impairment losses on other intangible assets***	17	**82,892**	—
Net impairment losses recognised on financial assets			
Trade receivables***	21	**279,787**	205,947
Prepayments, other receivables and other assets***	22	**43,187**	67,007
		322,974	272,954
Rental expense:			
Short-term leases and low-value leases	15(c)	**25,367**	8,092

6. (Loss)/Profit before Tax *(continued)*

* The depreciation of property, plant and equipment and employee benefit expense are included in "Cost of sales" and "Administrative expenses" in the consolidated statement of profit or loss.

** The amortisation of other intangible assets is included in "Administrative expenses" in the consolidated statement of profit or loss.

*** Loss on disposal of investment in a joint venture, fair value losses on investment properties, impairment losses on property, plant and equipment, impairment losses on goodwill, impairment losses on other intangible assets and net impairment losses recognised on trade receivables and prepayments, other receivables and other assets are included in "Other expenses, net" in the consolidated statement of profit or loss.

7. Finance Costs

An analysis of finance costs is as follows:

	Note	**2024 RMB'000**	2023 RMB'000
Interest on bank and other borrowings		**32,783**	35,103
Interest on lease liabilities	15	**253**	361
		33,036	35,464

8. Directors' and Chief Executive's Remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange, 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:

	2024 RMB'000	2023 RMB'000
Fees	**1,374**	1,350
Other emoluments:		
Salaries, allowances and benefits in kind	**5,815**	5,584
Share-based compensation expenses	**49**	206
Pension scheme contributions	**147**	86
	6,011	5,876
	7,385	7,226

In 2021, Ms. YANG Jingbo was granted share-based payment, in respect of their services to the Group, under the share-based payment scheme of the Company. The fair value of such payment, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

8. Directors' and Chief Executive's Remuneration *(continued)*

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024 RMB'000	2023 RMB'000
Ms. LIU Xiaolan	275	270
Mr. FUNG Che Wai, Anthony	275	270
Ms. NG Yi Kum	275	270
	825	810

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

(b) Executive directors, a non-executive director and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Share-based compensation expenses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2024					
Executive directors:					
Mr. KONG Jiannan	137	–	–	–	137
Ms. YANG Jingbo	137	1,139	49	47	1,372
	274	1,139	49	47	1,509
Non-executive director:					
Mr. KONG Jianmin	275	–	–	–	275
Chief executives:					
Mr. WANG Jianhui (note b)	–	2,721	–	27	2,748
Mr. WANG Zhongqi (note b)	–	1,955	–	73	2,028
	–	4,676	–	100	4,776
	549	5,815	49	147	6,560

8. Directors' and Chief Executive's Remuneration *(continued)*

(b) Executive directors, a non-executive director and the chief executive *(continued)*

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Share-based compensation expenses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2023					
Executive directors:					
Mr. KONG Jiannan (note a)	135	—	—	—	135
Ms. YANG Jingbo	135	1,412	206	43	1,796
	270	1,412	206	43	1,931
Non-executive director:					
Mr. KONG Jianmin	270	—	—	—	270
Chief executive:					
Mr. WANG Jianhui (note a)	—	4,172	—	43	4,215
	540	5,584	206	86	6,416

Notes:

(a) Mr. KONG Jiannan stepped down as the chief executive officer and Mr. WANG Jianhui was appointed as the chief executive officer of the Company with effect from 2 June 2023.

(b) Mr. WANG Jianhui stepped down as the chief executive officer and Mr. WANG Zhongqi was appointed as the chief executive officer of the Company with effect from 29 August 2024.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year ended 31 December 2024.

For the year ended 31 December 2024, no amounts was paid or payable by the Group to any of the directors as an inducement to join or upon joining the Group.

For the year ended 31 December 2024, no compensation was paid or payable by the Group to any of the directors or past directors for the loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

9. Five Highest Paid Employees

The five highest paid employees during the year included the two chief executives (2023: one chief executive and one director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	6,678	5,079
Pension scheme contributions	188	179
	6,866	5,258

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2024	2023
HK$1,500,001 to HK$2,000,000	2	2
HK$2,000,001 to HK$2,500,000	—	1
HK$3,500,001 to HK$4,000,000	1	—
	3	3

For the year ended 31 December 2024, no amounts was paid or payable by the Group to any of the five highest paid individuals (other than directors) as an inducement to join or upon joining the Group.

For the year ended 31 December 2024, no compensation was paid or payable by the Group to any of the five highest paid individuals (other than directors) for the loss of office.

10. Income Tax

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and BVI, the entities within the Group incorporated in the Cayman Islands and BVI are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not generate any assessable profits arising in Hong Kong during the year.

The income tax provision of the Group's subsidiaries established in the PRC in respect of its operation in Chinese Mainland was calculated at the tax rate of 25% on their assessable profits for the year, if applicable, based on the existing legislation, interpretations and practice in respect thereof.

Certain subsidiaries of the Group operating in the PRC enjoyed a preferential corporate income tax rate of 15% for the year.

10. Income Tax *(continued)*

	Note	**2024 RMB'000**	2023 RMB'000
Current		**140,449**	199,353
Deferred	20	**(130,719)**	(121,696)
		9,730	77,657

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expenses at the effective income tax rate is as follows:

	2024 RMB'000	2023 RMB'000
(Loss)/profit before tax	**(548,929)**	139,975
Tax at the statutory tax rate (25%)	**(137,232)**	34,994
Lower tax rates for specific provinces	**(10,239)**	(28,262)
Expenses not deductible for tax	**158,703**	71,879
Profit and loss attributable to joint ventures	**(1,757)**	(1,178)
Profit and loss attributable to associates	**(32)**	(446)
Tax losses not recognised	**287**	670
Tax charge for the year	**9,730**	77,657

11. Dividends

The Board does not recommend any final dividend for the year ended 31 December 2024 (2023: Nil).

12. (Losses)/Earnings per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic (losses)/earnings per share amounts is based on the (loss)/profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,025,858,916 (2023: 2,025,858,916) in issue during the year ended 31 December 2024.

The calculation of the diluted (losses)/earnings per share amounts is based on the (loss)/profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the impact on (losses)/earnings arising from the share option scheme and the share award scheme adopted by the Group, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic (losses)/earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or vest of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted (losses)/earnings per share are based on:

	2024 RMB'000	2023 RMB'000
(Losses)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic and diluted (losses)/earnings per share calculations	(572,282)	30,303

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic (losses)/earnings per share calculation	2,025,858,916	2,025,858,916
Effect of dilution — weighted average number of ordinary shares:		
Share options	270,000	280,171
Awarded shares	112,833	471,529
	2,026,241,749*	2,026,610,616*

* Because the exercise prices of the share options were higher than the average market price of the Company's shares during the year, the share options were ignored in the calculation of diluted earnings per share. Therefore, the diluted (losses)/earnings per share amount is based on the loss for the year attributable to ordinary equity holders of approximately RMB572,282,000 (2023: profit of approximately RMB30,303,000), and the weighted average number of ordinary shares of 2,025,971,749 in issue during the year (2023: 2,026,330,445).

13. Property, Plant and Equipment

	Buildings RMB'000	Plant and machinery RMB'000	Furniture and office equipment RMB'000	Motor vehicles RMB'000	Right-of-use assets: Buildings RMB'000	Right-of-use assets: Motor Vehicles RMB'000	Total RMB'000
31 December 2024							
At 1 January 2024:							
Cost	1,720	18,067	22,318	63,399	48,581	193	154,278
Accumulated depreciation	(345)	(7,214)	(12,133)	(14,918)	(40,590)	(193)	(75,393)
Net carrying amount	1,375	10,853	10,185	48,481	7,991	–	78,885
At 1 January 2024, net of accumulated depreciation	1,375	10,853	10,185	48,481	7,991	–	78,885
Additions	–	4,129	6,155	3,403	2,165	–	15,852
Disposals	(64)	(1,314)	(320)	(3,739)	–	–	(5,437)
Depreciation provided during the year (note 6)	(72)	(3,214)	(7,827)	(12,975)	(4,294)	–	(28,382)
Impairment recognised during the year (note 6)	–	–	(819)	–	–	–	(819)
At 31 December 2024, net of accumulated depreciation and impairment	1,239	10,454	7,374	35,170	5,862	–	60,099
At 31 December 2024:							
Cost	1,420	19,785	25,242	55,591	13,410	–	115,448
Accumulated depreciation and impairment	(181)	(9,331)	(17,868)	(20,421)	(7,548)	–	(55,349)
Net carrying amount	1,239	10,454	7,374	35,170	5,862	–	60,099

13. Property, Plant and Equipment *(continued)*

					Right-of-use assets		
	Buildings RMB'000	Plant and machinery RMB'000	Furniture and office equipment RMB'000	Motor vehicles RMB'000	Buildings RMB'000	Motor Vehicles RMB'000	Total RMB'000
31 December 2023							
At 1 January 2023:							
Cost	1,841	14,722	20,081	81,764	42,048	193	160,649
Accumulated depreciation	(351)	(5,058)	(10,425)	(14,706)	(27,325)	(109)	(57,974)
Net carrying amount	1,490	9,664	9,656	67,058	14,723	84	102,675
At 1 January 2023, net of accumulated depreciation	1,490	9,664	9,656	67,058	14,723	84	102,675
Additions	—	4,120	5,008	3,660	6,533	—	19,321
Disposals	(31)	(128)	(241)	(7,881)	—	—	(8,281)
Depreciation provided during the year (note 6)	(84)	(2,803)	(4,238)	(14,356)	(13,265)	(84)	(34,830)
At 31 December 2023, net of accumulated depreciation	1,375	10,853	10,185	48,481	7,991	—	78,885
At 31 December 2023:							
Cost	1,720	18,067	22,318	63,399	48,581	193	154,278
Accumulated depreciation	(345)	(7,214)	(12,133)	(14,918)	(40,590)	(193)	(75,393)
Net carrying amount	1,375	10,853	10,185	48,481	7,991	—	78,885

At 31 December 2024, the Group's certain property, plant and equipment with an aggregate net carrying amount of approximately RMB12,540,000 (2023: approximately RMB26,863,000) were pledged to secure bank and other borrowings granted to the Group (note 34).

14. Investment Properties

	Note	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January		**4,722**	6,300
Net losses from fair value adjustments	6	**(786)**	(1,578)
Carrying amount at 31 December		**3,936**	4,722

The Group's investment properties represented three commercial properties which comprising two retail shops and one parking space in Chinese Mainland. Based on valuations performed by management, the estimated fair value of the investment properties was approximately RMB3,936,000 as at 31 December 2024 (2023: approximately RMB4,722,000).

At 31 December 2024, no investment properties of the Group was pledged to secure general banking facilities granted to the Group.

The Group recognised approximately RMB56,000 in profit or loss for rental income from investment properties for the year ended 31 December 2024 (2023: approximately RMB44,000).

Fair value hierarchy

The fair value measurement of the Group's investment properties is using significant unobservable inputs (Level 3).

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Set out below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

			Weighted average As at 31 December	
	Valuation technique	Significant unobservable inputs	2024 RMB	2023 RMB
Retail shops	Direct comparison approach	Selling price per square meter	**13,755-15,943**	17,012–19,667
Parking space	Direct comparison approach	Selling price per square meter	**11,086**	3,448

The Group's investment properties are valued by the direct comparison approach on the assumption that each property can be sold in their existing state subject to comparable sales transactions as available in the relevant markets. Comparison is based on prices realised on actual transactions or asking prices of comparable properties. Comparable properties with similar sizes, characters and locations are analysed, and carefully weighed against all respective advantages and disadvantages of each property in order to arrive at a fair comparison of value.

A significant increase/decrease in the selling price per square meter would result in a significant increase/decrease in the fair value of the investment properties.

15. Leases

The Group as a lessee

The Group has lease contracts for buildings and motor vehicles used in its operations. Leases of buildings generally have lease terms between 1 to 20 years, while motor vehicles generally have lease terms between 1 to 2 years and/or is individually of low value. The Group is restricted from assigning and subleasing the leased assets outside the Group according to the terms in certain agreements.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are included in note 13.

(b) Lease liabilities

The carrying amounts of the Group's lease liabilities and movements during the years are as follows:

	Note	**2024** **RMB'000**	2023 RMB'000
Carrying amount at 1 January		**6,761**	14,792
New leases		**2,165**	853
Accretion of interest recognised during the year	7	**253**	361
Payments		**(3,259)**	(9,245)
Carrying amount at 31 December		**5,920**	6,761

	2024 **RMB'000**	2023 RMB'000
Lease liabilities analysed into:		
Current portion	**2,425**	3,622
Non-current portion	**3,495**	3,139
	5,920	6,761

The maturity analysis of lease liabilities is disclosed in note 39(c) to the financial statements.

15. Leases *(continued)*

The Group as a lessee *(continued)*

(c) *The amounts recognised in profit or loss in relation to leases are as follows:*

	Notes	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	7	**253**	361
Depreciation charge of right-of-use assets	13	**4,294**	13,349
Expense relating to short-term leases and low-value leases	6	**25,367**	8,092
Total amount recognised in profit or loss		**29,914**	21,802

(d) *The total cash outflow for leases is disclosed in note 32(c) to the financial statements.*

16. Goodwill

	Note	2024 RMB'000	2023 RMB'000
At 1 January:			
Cost		**1,743,159**	1,743,159
Accumulated impairment		**(399,255)**	(143,415)
Net carrying amount		**1,343,904**	1,599,744
Net carrying amount at 1 January		**1,343,904**	1,599,744
Impairment recognised during the year	6	**(630,008)**	(255,840)
Net carrying amount at 31 December		**713,896**	1,343,904
At 31 December:			
Cost		**1,743,159**	1,743,159
Accumulated impairment		**(1,029,263)**	(399,255)
Net carrying amount		**713,896**	1,343,904

16. Goodwill *(continued)*

Impairment testing of goodwill

For the purpose of impairment testing, goodwill acquired through business combination is allocated to each of the cash-generating units ("**CGUs**"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

As at 31 December 2024, goodwill of approximately RMB1,743,159,000 (2023: approximately RMB1,743,159,000) has been allocated to each group of CGUs for impairment testing. The goodwill is allocated in CGUs as follows.

CGU	Principal business	2024 RMB'000	2023 RMB'000
Gangyu Enterprise	Property management	134,718	134,718
Guangzhou Runtong	Property management	125,490	125,490
Shanghai Shenqin	Property management	439,567	439,567
Guangdong Telijie	Urban and rural environmental sanitation service	135,678	135,678
Living Technology	Property management	907,706	907,706
		1,743,159	1,743,159

Management performed an impairment assessment on the goodwill with the assistance of an independent valuer as at 31 December 2024 and 2023.

Since there are insufficient transactions of comparable unlisted companies in the market, the management performed impairment review of the carrying amounts of each CGU as at 3l December 2024. The recoverable amount of CGU has been determined based on a value in use calculation using cash flow projection based on a financial budget covering a five-year period approved by senior management.

16. Goodwill *(continued)*

Impairment testing of goodwill *(continued)*

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

	Gangyu Enterprise (note a)	Guangzhou Runtong (note b)	Shanghai Shenqin (note c)	Guangdong Telijie (note d)	Living Technology (note e)
2024					
Revenue growth rates during the projection period	1.5%-2.0%	1.5%-2.0%	1.5%-2.0%	1.5%-2.0%	1.5%-2.0%
Gross profit margins during the projection period	22.6%	6.0%	19.5%	30.0%	20.4%
Terminal growth rate	1.5%	1.5%	1.5%	1.5%	1.5%
Pre-tax discount rate	17.4%	21.1%	17.6%	10.6%	17.6%
2023					
Revenue growth rates during the projection period	2.2%–3.0%	2.2%–3.0%	3.0%–4.0%	2.2%–3.0%	2.2%–3.0%
Gross profit margins during the projection period	30.4%	13.3%	22.7%	24.1%	22.2%
Terminal growth rate	2.2%	2.2%	3.0%	2.2%	2.2%
Pre-tax discount rate	19.6%	20.3%	19.2%	11.5%	19.5%

Notes:

(a) The revenue growth rate and the expected gross profit margin of Gangyu Enterprise decreased by 0.7%–1.0% and 7.8% respectively in 2024 as compared with 2023, which was mainly due to the decrease in expected unit price of renewal projects and increase in cost for service quality enhancements as a result of intense market competition.

(b) The revenue growth rate and the expected gross profit margin of Guangzhou Runtong decreased by 0.7%–1.0% and 7.3% respectively in 2024 as compared with 2023, which was mainly due to the decrease in expected unit price of renewal projects and increase in cost for service quality enhancements as a result of intense market competition in public property projects.

(c) The revenue growth rate of Shanghai Shenqin decreased by 1.5%–2.0% in 2024 as compared with 2023, which was mainly due to the decrease in expected unit price of renewal or new projects as a result of the increase in market competition in public property projects.

(d) The revenue growth rate of Guangdong Telijie decreased by 0.7%–1.0%, and the expected gross profit margin increased by 5.9%, respectively in 2024 as compared with 2023, which was mainly due to the non-renewal of certain low-margin projects as a result of the increase in market competition in urban and rural environmental sanitation projects in Greater Bay Area.

(e) The revenue growth rate of Living Technology decreased by 0.7%–1.0% in 2024 as compared with 2023, which was mainly due to the decrease in expected unit price of renewal or new projects as a result of the increase in market competition in public property projects.

16. Goodwill *(continued)*

Impairment testing of goodwill *(continued)*

Assumptions were used in the value in use calculation of the CGU. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Annual revenue growth rate — Based on past performance and management's expectations of market development. The predicted revenue growth rate of the CGU for the five years subsequent to the date of assessment is one of the assumptions used in the value-in-use calculations.

Gross profit margins — Based on past performance and management's expectations for the future.

Terminal growth rate — The growth rate used to extrapolate the cash flows of the CGU beyond the five-year period is estimated to be 1.5%, which has taken into consideration the prevailing industry practice.

Pre-tax discount rate — Reflects the current market assessments of the time value of money and the risks specific to each of the group of CGUs.

The values assigned to the key assumptions are consistent with external information sources.

As at 31 December 2024, there was no headroom (the excess of the recoverable amounts over the carrying amounts) available between the recoverable amounts and the carrying amounts for the above CGUs.

17. Other Intangible Assets

	Property management contracts RMB'000	Customer relationships RMB'000	Software RMB'000	Non- compete agreements RMB'000	Total RMB'000
31 December 2024					
Cost at 1 January 2024, net of accumulated amortisation	59,576	494,689	9,742	6,407	570,414
Additions	—	—	13,763	—	13,763
Disposal	—	—	(145)	—	(145)
Amortisation provided during the year (note 6)	(41,702)	(68,510)	(4,387)	(3,183)	(117,782)
Impairment recognised during the year (note 6)	(10,918)	(68,750)	—	(3,224)	(82,892)
At 31 December 2024	6,956	357,429	18,973	—	383,358
At 31 December 2024:					
Cost	203,872	651,567	32,936	22,872	911,247
Accumulated amortisation and impairment	(196,916)	(294,138)	(13,963)	(22,872)	(527,889)
Net carrying amount	6,956	357,429	18,973	—	383,358
31 December 2023					
Cost at 1 January 2023, net of accumulated amortisation	114,739	563,162	9,585	11,097	698,583
Additions	—	—	3,083	—	3,083
Amortisation provided during the year (note 6)	(55,163)	(68,473)	(2,926)	(4,690)	(131,252)
At 31 December 2023	59,576	494,689	9,742	6,407	570,414
At 31 December 2023:					
Cost	203,872	651,567	19,318	22,872	897,629
Accumulated amortisation	(144,296)	(156,878)	(9,576)	(16,465)	(327,215)
Net carrying amount	59,576	494,689	9,742	6,407	570,414

17. Other Intangible Assets *(continued)*

Amortisation of intangible assets has been charged to "Administrative expenses" in the consolidated statement of profit or loss.

No intangible asset is restricted or pledged as security as at 31 December 2024 and 2023.

As the result of management's impairment assessment on other intangible assets with the assistance of an independent valuer, impairment provision of approximately RMB82,892,000 was recognised on other intangible assets as at 31 December 2024 (as at 31 December 2023: nil). Further details of key assumptions used in the calculation of value in use for the CGUs are set out in note 16 to the financial statements.

18. Investment in Joint Ventures

	2024 RMB'000	2023 RMB'000
Share of net assets	**11,420**	7,490

Particulars are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Guangzhou Zhongjing Business Services Co., Ltd.#	Registered capital of RMB1 each	PRC/Chinese Mainland	70	50	70	Interior decoration
The Corniche Property Service Limited	Registered capital of HK$1 each	Hong Kong	50	50	50	Property management

\# The English name represents the best efforts made by the directors of the Company to translate the Chinese name as it does not have any official English name.

The following table illustrates the financial information of the Group's joint ventures that are not individually material:

	2024 RMB'000	2023 RMB'000
Share of profit for the year and total comprehensive income of joint ventures	**7,029**	4,712
Carrying amount of the Group's investments accounted for using the equity method at end of the year	**11,420**	7,490

19. Investment in Associates

	2024 RMB'000	2023 RMB'000
Share of net assets	**7,753**	7,626

Particulars are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Guangzhou Guanzhou Property Management Co., Ltd.#	Registered capital of RMB1 each	PRC/Chinese Mainland	49	Property management
Guangzhou Zhicheng Youhuo Urban Operation Management Co., Ltd.#	Registered capital of RMB1 each	PRC/Chinese Mainland	36	Property management

The English name represents the best efforts made by the directors of the Company to translate the Chinese name as it does not have any official English name.

The following table illustrates the financial information of the Group's associates that are not individually material:

	2024 RMB'000	2023 RMB'000
Share of profit for the year and total comprehensive income of associates	**127**	1,784
Carrying amount of the Group's investment accounted for using the equity method at end of the year	**7,753**	7,626

20. Deferred Tax Assets and Liabilities

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	2024		
	Fair value adjustment arising from acquisitions of subsidiaries RMB'000	Excess of carrying amount of right-of-use assets over the tax bases RMB'000	Total RMB'000
At 1 January 2024	140,169	1,684	141,853
Deferred tax credited to profit or loss during the year	(49,072)	(218)	(49,290)
At 31 December 2024	91,097	1,466	92,563

Deferred tax assets

	2024				
	Losses available for offsetting against future taxable profits RMB'000	Provision for impairment losses of financial assets RMB'000	Lease liabilities RMB'000	Fair value adjustment of investment properties RMB'000	Total RMB'000
At 1 January 2024	23,654	206,715	1,690	395	232,454
Deferred tax credited/ (charged) to profit or loss during the year	2,153	79,289	(210)	197	81,429
At 31 December 2024	25,807	286,004	1,480	592	313,883

20. Deferred Tax Assets and Liabilities *(continued)*

Deferred tax liabilities

	2023			
	Fair value adjustment arising from acquisitions of subsidiaries RMB'000	Excess of carrying amount of right-of-use assets over the tax bases RMB'000	Remeasurement of financial liabilities RMB'000	Total RMB'000
At 1 January 2023	172,250	3,702	17,290	193,242
Deferred tax credited to profit or loss during the year	(32,081)	(2,018)	(17,290)	(51,389)
At 31 December 2023	140,169	1,684	—	141,853

Deferred tax assets

	2023					
	Losses available for offsetting against future taxable profits RMB'000	Accrued liabilities and future deductible expenses RMB'000	Provision for impairment losses of financial assets RMB'000	Lease liabilities RMB'000	Fair value adjustment of investment properties RMB'000	Total RMB'000
At 1 January 2023	6,158	455	151,836	3,698	—	162,147
Deferred tax credited/(charged) to profit or loss during the year	17,496	(455)	54,879	(2,008)	395	70,307
At 31 December 2023	23,654	—	206,715	1,690	395	232,454

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Chinese Mainland and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008.

20. Deferred Tax Assets and Liabilities *(continued)*

At 31 December 2024 and 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland. The aggregate amounts of temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognised totalled approximately RMB2,744,136,000 and RMB2,398,664,000 as at 31 December 2024 and 2023, respectively.

In the opinion of the directors of the Company, the Company has sufficient distributable reserves, including the Company's share premium to meet its dividend policy in the foreseeable future, and it is not probable that dividends would be declared by the Group's subsidiaries and joint ventures established in Chinese Mainland in the foreseeable future. Accordingly, the Group did not provide additional deferred tax related to the unremitted earnings of the Group's subsidiaries and joint ventures established in Chinese Mainland that are subject to withholding taxes once distributed.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**313,883**	230,864
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(92,563)**	(140,263)
Net deferred tax assets	**221,320**	90,601

At 31 December 2024, the Group has tax losses arising in Chinese Mainland of approximately RMB116,207,000 (2023: approximately RMB106,447,000), that will expire in one to five years for offsetting against future taxable profits.

Among which, tax losses of approximately RMB12,979,000 (2023: approximately RMB11,831,000), have not been recognised as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

21. Trade Receivables

	Note	2024 RMB'000	2023 RMB'000
Related parties	36(c)	**2,231,188**	1,832,426
Third parties		**1,574,347**	1,353,754
Trade receivables		**3,805,535**	3,186,180
Less: Allowance for impairment of trade receivables		**(1,021,895)**	(744,948)
		2,783,640	2,441,232

Trade receivables mainly represent receivables from residential property management services and non-residential property management and commercial operational services. For trade receivables from property management services, the Group charges property management fees on a quarterly or monthly basis. For trade receivables from related parties, the Group's trading terms are mainly on credit and the credit period is generally between three months and one year. For trade receivables from third parties, the payment is generally due upon the issuance of demand letters. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. As the Group's trade receivables from third parties relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are interest-free.

At 31 December 2024, trade receivables of approximately RMB119,117,000 (2023: approximately RMB148,094,000) were pledged to secure general banking facilities granted to the Group (note 34).

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	**1,166,275**	1,364,665
1 to 2 years	**734,231**	909,555
2 to 3 years	**812,115**	117,031
Over 3 years	**71,019**	49,981
	2,783,640	2,441,232

21. Trade Receivables *(continued)*

The movements in the loss allowance for impairment of trade receivables are as follows:

	Note	2024 RMB'000	2023 RMB'000
At beginning of year		**744,948**	590,461
Impairment losses recognised, net	6	**279,787**	205,947
Amount written off as uncollectible		**(2,840)**	(51,460)
At end of year		**1,021,895**	744,948

As at the end of the reporting year, all trade receivables were denominated in RMB.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and service type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Third parties — past due				Related parties	Total
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years		
As at 31 December 2024						
Expected credit loss rate	**5.29%**	**13.94%**	**21.59%**	**63.43%**	**34.42%**	**26.85%**
Gross carrying amount (RMB'000)	**882,366**	**307,620**	**190,139**	**194,222**	**2,231,188**	**3,805,535**
Expected credit losses (RMB'000)	**(46,688)**	**(42,883)**	**(41,056)**	**(123,204)**	**(768,064)**	**(1,021,895)**
As at 31 December 2023						
Expected credit loss rate	5.13%	11.93%	23.59%	56.92%	30.90%	23.38%
Gross carrying amount (RMB'000)	776,755	307,824	153,160	116,015	1,832,426	3,186,180
Expected credit losses (RMB'000)	(39,847)	(36,719)	(36,129)	(66,034)	(566,219)	(744,948)

22. Prepayments, Other Receivables and Other Assets

	Notes	2024 RMB'000	2023 RMB'000
Amounts due from related parties	36(c)	**5,225**	8,000
Prepayments and deposits		**383,179**	377,054
Advances to employees		**41,793**	38,263
Other receivables		**82,788**	115,583
Payments on behalf of residents and tenants	(a)	**59,425**	49,525
Amounts due from original shareholders of a subsidiary		**205,051**	204,715
Others		**41,261**	41,915
		818,722	835,055
Impairment allowance		**(123,773)**	(83,046)
		694,949	752,009

Note:

(a) Payments on behalf of residents and tenants represent the current accounts with the residents and tenants of communities and properties managed by the Group.

At 31 December 2024, other receivables of approximately RMB17,048,000 (2023: approximately RMB7,614,000) were pledged to secure general banking facilities granted to the Group (note 34).

The movements in provision for impairment of payments on behalf of residents and tenants, other receivables and amounts due from original shareholders of a subsidiary are as follows:

	Note	2024 RMB'000	2023 RMB'000
At beginning of year		**83,046**	17,634
Impairment losses recognised, net	6	**43,187**	67,007
Amount written off as uncollectible		**(2,460)**	(1,595)
At end of year		**123,773**	83,046

22. Prepayments, Other Receivables and Other Assets *(continued)*

Expected credit losses are estimated by applying a loss rate approach with reference to the days past due for groupings of parties with similar loss patterns. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The following table provides information about the exposure to credit risk and ECLs for payments on behalf of residents and tenants, other receivables and amounts due from original shareholders of a subsidiary which are assessed collectively based on an estimated average credit loss rate as at 31 December 2024 and 2023.

	31 December 2024			31 December 2023		
Category	Average loss rate	Gross carrying amount RMB'000	Impairment loss allowance RMB'000	Average loss rate	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
Credit-impaired	42.3%	292,814	(123,773)	39.2%	211,784	(83,046)

23. Cash and Cash Equivalents and Restricted Cash

	2024 RMB'000	2023 RMB'000
Cash and bank balances	1,208,092	1,449,212
Less: Restricted cash	(62,478)	(6,323)
Cash and cash equivalents	1,145,614	1,442,889

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to approximately RMB1,078,578,000 (2023: approximately RMB1,449,031,000). The RMB is not freely convertible into other currencies. However, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

23. Cash and Cash Equivalents and Restricted Cash *(continued)*

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Restricted cash mainly represented i) deposits for the provision of property management services as required by local government authorities; ii) cash at banks restricted for tendering purposes; and iii) funds for litigation preservation of certain subsidiaries.

24. Trade Payables

	Note	**2024 RMB'000**	2023 RMB'000
Related parties	36(c)	**3,695**	201
Third parties		**605,337**	534,563
		609,032	534,764

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

	2024 RMB'000	2023 RMB'000
Within 1 year	**492,248**	459,382
1 to 2 years	**88,853**	50,069
2 to 3 years	**18,057**	16,399
Over 3 years	**9,874**	8,914
	609,032	534,764

Trade payables are unsecured, interest-free and normally settled on terms of 30 to 90 days.

25. Other Payables and Accruals

	Note	2024 RMB'000	2023 RMB'000
Amounts due to related parties	36(c)	**10,254**	7,429
Payroll and welfare payables		**218,371**	228,386
Deposits and temporary receipts from property owners		**329,831**	313,353
Other tax payables		**192,435**	180,818
Accruals and other payables		**68,474**	156,349
Consideration payable to original shareholders on acquisition of subsidiaries		**8,020**	103,830
Receipts on behalf of residents and tenants		**148,927**	110,384
Due to original shareholders of subsidiaries		**70,556**	85,703
		1,046,868	1,186,252

The other payables are unsecured and interest-free.

26. Interest-bearing Bank and Other Borrowings

	2024			2023		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans — secured	**3.0-4.7**	**2025**	**16,500**	4.9–5.3	2024	37,898
Other borrowings — secured	**8.5-8.7**	**2025**	**4,073**	6.0	2024	1,798
Current portion of long term bank and other borrowings — secured	**5.5-8.2**	**2025**	**105,720**	5.5–8.7	2024	108,324
			126,293			148,020
Non-current						
Bank loans — secured	**5.5**	**2026-2029**	**387,733**	5.5	2025–2029	484,916
Other borrowings — secured	**6.8-8.2**	**2026-2027**	**10,099**	8.5–8.7	2025	4,073
			397,832			488,989
			524,125			637,009

26. Interest-bearing Bank and Other Borrowings *(continued)*

	2024 RMB'000	2023 RMB'000
Analysed into:		
Bank loans:		
Within one year	**113,683**	135,082
In the second year	**121,183**	97,184
In the third to fifth years, inclusive	**266,550**	363,549
After the fifth years	**—**	24,183
	501,416	619,998
Other borrowings:		
Within one year	**12,610**	12,938
In the second year	**7,673**	4,073
In the third to fifth years, inclusive	**2,426**	—
	22,709	17,011
	524,125	637,009

Notes:

(a) Certain of the Group's bank loans and unutilised facilitates are secured by certain of the Group's revenue of certain service contracts amounting to approximately RMB202,200,000 (2023: approximately RMB161,163,000) and equity interests of a subsidiary of the Group.

(b) Certain of the Group's bank loan is guaranteed by a related company.

(c) Certain of the Group's other borrowings are secured by the Group's property, plant and equipment amounting to approximately RMB12,540,000 (2023: approximately RMB26,863,000).

(d) All the bank and other borrowings are denominated in RMB.

27. Long service payment obligations

Pursuant to the Hong Kong Employment Ordinance, Chapter 57, Hong Kong employees that have been employed continuously for at least five years are entitled to long service payment ("**LSP**") under certain circumstances (e.g. dismissal by employers or upon retirement).

The amount of LSP payable is determined with reference to the employee's last monthly salary (capped at HK$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF Scheme, with an overall cap of HK$390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligations.

In June 2022, the Hong Kong SAR Government (the "**HK Government**") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**"), which will take effect on 1 May 2025 (the "**Transition Date**"). The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. Separately, the HK Government has indicated that it would launch a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date. In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

The benefit payment under LSP remains capped at HK$390,000 per employee. If an employee's total benefit payment exceeds HK$390,000, the amount in excess of the cap is deducted from the portion accrued from the Transition Date.

The Group is currently assessing the impact of the LSP obligation due to the Amendment Ordinance.

28. Share Capital

	2024 **HK$'000**	2023 HK$'000
Authorised:		
10,000,000,000 (2023: 10,000,000,000) ordinary shares at par value of HK$0.01 each	**100,000**	100,000

28. Share Capital *(continued)*

	2024 HK$'000	2023 HK$'000	2024 Equivalent to RMB'000	2023 Equivalent to RMB'000
Issued and fully paid: 2,025,858,916 (2023: 2,025,858,916) ordinary shares at par value of HK$0.01 each	**20,259**	20,259	**17,568**	17,568

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital HK$'000**	**Share capital equivalent to RMB'000**
At 31 December 2022 and 1 January 2023	2,025,858,916	20,259	17,568
At 31 December 2023	2,025,858,916	20,259	17,568
At 31 December 2023 and 1 January 2024	**2,025,858,916**	**20,259**	**17,568**
At 31 December 2024	**2,025,858,916**	**20,259**	**17,568**

29. Employees Share Schemes

(a) Share Option Scheme

Pursuant to the shareholder's resolutions of the Company passed on 3 June 2021, the Company has adopted a share option scheme (the "**Share Option Scheme**") for the purpose of providing incentives and rewards to SO Eligible Participants (as defined hereinbelow) who will contribute and has contributed to the success of the Group's operations. SO Eligible Participants include any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries and any directors (including executive directors, non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries. Upon becoming effective, the Share Option Scheme will remain in force for 10 years from that date.

The maximum number of shares that may be issued upon the exercise of the options that may be granted under the Share Option Scheme is 10% of the total number of issued shares as at the date of the adoption of the Share Option Scheme. The aggregate number of shares which may be issued upon the exercise of all options that may be granted under the Share Option Scheme has not exceeded 30% of the shares in issue as at the latest practicable date. The maximum number of shares issuable under share options to each SO Eligible Participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to the issue of a circular by the Company and the shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5,000,000 or such other sum as may be from time to time provided under the Listing Rules, within any 12-month period, are subject to the issue of a circular by the Company and the shareholders' approval in advance in a general meeting.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the board of directors of the Company in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange of Hong Kong Limited closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange of Hong Kong Limited closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 23 July 2021, the Company granted 594,000 share options, to the grantees, including the board of directors of the Company and certain employees of the Group.

29. Employees Share Schemes *(continued)*

(a) Share Option Scheme *(continued)*

The exercise price of the outstanding share options granted on 23 July 2021 was HK$8.964 per share.

The closing price of the Company's shares on 23 July 2021, the date of grant, was HK$8.240 per share.

The share options granted to the executive directors of the Company and employees of the Group are exercisable during the following periods:

Share options granted on 23 July 2021

The following share options were outstanding under the Scheme during the year:

(i) up to 25% of the share options granted to each grantee at any time from 15 April 2022;

(ii) up to 50% of the share options granted to each grantee at any time from 15 April 2023;

(iii) up to 100% of the share options granted to each grantee at any time from 15 April 2024; and, in each case, not later than 14 April 2026.

	2024		2023	
	Weighted average exercise price HK$ per share	**Number of options**	Weighted average exercise price HK$ per share	Number of options
At 1 January	**8.964**	**270,000**	8.964	432,000
Cancelled during the year	**n/a**	**–**	8.964	(40,500)
Lapsed during the year	**n/a**	**–**	8.964	(121,500)
At 31 December	**8.964**	**270,000**	8.964	270,000

The following inputs were used to calculate the fair values of the share options granted:

	Options granted on 23 July 2021
Dividend yield (%)	1.16
Expected volatility (%)	60.22
Risk-free interest rate (%)	0.35
Expected life of options (year)	4
Weighted average share price (HK$ per share)	8.964

HK$1.00 is payable for acceptance of grant of share options by each grantee. The fair value of the share options granted on 23 July 2021 determined at the date of grant using the Binomial models (the "**Models**") was approximately RMB1,968,000.

29. Employees Share Schemes *(continued)*

(a) Share Option Scheme *(continued)*

The Models have been used to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the share options.

At each reporting date, the Group revises its estimates of the number of share options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to the equity-settled share option reserve.

At 31 December 2024, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 270,000 (2023: 270,000), representing 0.0133% (2023: 0.0133%) of the shares of the Company in issue at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 270,000 (2023: 270,000) additional ordinary shares of the Company and additional share capital of HK$2,700 (2023: HK$2,700) (before issue expenses).

The Group recognised the total expense of approximately RMB39,000 for the year ended 31 December 2024 (2023: total gain of approximately RMB236,000) in relation to share options granted by the Company with corresponding change in share option reserve.

The number of share options granted that are expected to be vested has been reduced to reflect the management's best estimate of lapse of options granted prior to the completion of the vesting period and accordingly the share option expense has been adjusted. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest.

(b) Share Award Scheme

The share award scheme was adopted by the Board on 23 July 2021 (the "**Share Award Scheme**") in order to recognise the contributions by certain employees including certain executive directors of the Company and/or members of the Group (the "**SA Eligible Participant**"). Subject to the rules of the Share Award Scheme (the "**Scheme Rules**"), the Board may, from time to time, at its absolute discretion select any SA Eligible Participant (other than any excluded participant as defined under the Scheme Rules) for participation in the Share Award Scheme as a selected participant (the "**Selected Participant**"), and determine the number of shares to be granted to the Selected Participant.

The Share Award Scheme shall be valid and effective for a term of 10 years commencing on the date of adoption. Pursuant to the Share Award Scheme, the trustee, Computershare Hong Kong Trustees Limited and any additional or replacement trustee, shall purchase from the open market or subscribe for the relevant number of shares awarded and shall hold such shares on trust for the Selected Participants until they are vested in the relevant Selected Participant in accordance with the provisions of the Share Award Scheme. The Board, through its authorised representative(s), shall cause to pay to the trustee the subscription or purchase price for the shares and the related expenses from the Company's resources.

The Board shall not make any further award of awarded shares which will result in the total number of shares granted under the Share Award Scheme exceeding 5% of the total number of issued Shares of the Company from the date of adoption. If the relevant subscription or purchase would result in the trustee holding in aggregate, more than 5% of the total number of issued shares of the Company as of the adoption date, the trustee shall not subscribe or purchase any further shares.

29. Employees Share Schemes *(continued)*

(b) Share Award Scheme *(continued)*

On 23 July 2021, the Board resolved to grant a total of 1,444,000 awarded shares to 16 eligible participants under the Share Award Scheme. The awarded shares shall be vested in three tranches in accordance with the following dates: (i) 25% shall be vested on 15 April 2022; (ii) 25% shall be vested on 15 April 2023; and (iii) the remaining 50% shall be vested on 15 April 2024, or an earlier date as approved by the Board.

The fair value of the Share Award Scheme at the grant date approximated to the market value of the shares which is calculated based on the closing price of the shares as at the date of grant of the awarded shares.

Movements in the number of awarded shares are as follows:

	2024 Number of shares awarded	2023 Number of shares awarded
At 1 January	**396,000**	642,000
Lapsed	**–**	(32,000)
Vested	**(396,000)**	(214,000)
At 31 December	**–**	396,000

Under the Share Award Scheme, the Group recognised share-based compensation expenses of approximately RMB289,000 (2023: approximately RMB667,000) during the year ended 31 December 2024.

30. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(a) Merger reserve

The merger reserve of the Group comprised the combined issued capital of the subsidiaries now comprising the Group arising from the reorganisation as mentioned in the prospectus of the Company dated 19 October 2020.

30. Reserves *(continued)*

(b) Capital reserve

In March 2020, as part of the reorganisation, Guangdong Hejing Youhuo, a wholly-owned subsidiary of the Company, acquired 100% equity interests in Ningjun Property and its subsidiaries with a capital injection of RMB63,000,000 to Ningjun Property and a cash consideration of RMB34,550,000 to Total Super, a wholly-owned subsidiary of KWG Holdings. As both parties were under control of KWG Holdings before and after the combination and such control was not provisional, this combination was a business combination involving entities under common control. The difference of RMB27,550,000 between (i) the cash consideration of RMB34,550,000 and (ii) the outstanding merger reserve of RMB7,000,000 was debited to the capital reserve.

On 24 June 2020, KWG Holdings, the then sole shareholder of Happy Harmony, which in turn holds one ordinary share of the Company, approved the transfer of the entire issued share capital of Happy Harmony (the "**Transferred Share**") to an employee (the "**Employee**"), at a consideration of US$6,075,000. The consideration was fully settled on 24 June 2020 and has been funded by an interest-free loan from Mr. KONG Jianmin (the "**Loan**"), one of the Company's controlling shareholders. Upon completion of the aforesaid share transfer and immediately after the subscription of 35 shares of the Company by KWG Holdings at par on 24 June 2020, KWG Holdings and the Employee through Happy Harmony held 97.22% and 2.78% equity interests in the Company, respectively. The share transferred to the Employee constitutes a share-based payment arrangement under HKFRS 2 *Share-based Payment* and the share-based payment expense which represents the difference of RMB320,000 between (i) the fair value of the Transferred Share and (ii) the consideration of US$6,075,000 was charged to profit or loss as an expense in full immediately upon the completion of the share transfer with a corresponding increase in capital reserve of approximately RMB320,000 during the year ended 31 December 2021. The deemed interest expense of the Loan to the Employee, calculated based on the outstanding Loan principal and a general market interest rate that the Employee could possibly obtain from financial institutions in Hong Kong on an arm's length basis as of the date of the Loan agreement entered into between Mr. KONG Jianmin and the Employee, was charged to profit or loss with a corresponding increase in capital reserve of approximately RMB1,189,000 during the year ended 31 December 2024 (2023: approximately RMB1,189,000) to reflect the contribution to the Company from Mr. KONG Jianmin, one of the Company's controlling shareholders.

(c) Employee share-based compensation reserve

On 25 March 2022, the Group acquired Living Technology with 80% of equity interests. Before the acquisition, Living Technology has adopted an equity incentive plan granting share-based awards (the "**Award**") by its original shareholder to specific employees containing with service vesting condition period from 1 September 2020 to 31 August 2022. The portion relating to the acquisition date fair value based measure of the Award that was attributable to precombination service was recognised as non-controlling interest and the portion relating to any remaining postcombination service was recognised as share-based compensation expenses with a corresponding increase in capital reserve of approximately RMB3,776,000 in the Group's consolidated financial statements.

The expenses charged to profit or loss under the Share Option Scheme and the Share Award Scheme with a corresponding increase in reserve of approximately RMB39,000 (2023: decrease in reserve of approximately RMB236,000) and increase in reserve of approximately RMB289,000 (2023: approximately RMB667,000) respectively during the year ended 31 December 2024. Details of the employees share schemes are disclosed in note 29 to the financial statements.

30. Reserves *(continued)*

(d) Statutory surplus funds

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profit after tax, as determined under the Chinese Accounting Standards, to the statutory surplus funds until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of these subsidiaries, the statutory surplus funds may be used either to offset losses, or to be converted to increase the share capital of the subsidiaries provided that the balance after such conversion is not less than 25% of the registered capital of them. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

31. Partly-owned Subsidiaries with Material Non-controlling Interests

Details of the Group's subsidiary that has material non-controlling interests is set out below:

	2024	2023
Percentage of equity interest held by non-controlling interests:		
Living Technology	**20%**	20%

	2024 **RMB'000**	2023 RMB'000
Profit for the year allocated to non-controlling interests:		
Living Technology	**7,080**	15,452
Dividends paid to non-controlling interests:		
Living Technology	**4,371**	4,979
Accumulated balances of non-controlling interests at the reporting date:		
Living Technology	**187,354**	184,645

31. Partly-owned Subsidiaries with Material Non-controlling Interests

(continued)

The following tables illustrate the summarised financial information of Living Technology. The amounts disclosed are before any inter-company eliminations:

	2024 RMB'000	2023 RMB'000
Revenue	**1,293,737**	1,262,868
Total expenses	**(1,258,336)**	(1,185,607)
Profit and total comprehensive income for the year	**35,401**	77,261

As at 31 December	2024 RMB'000	2023 RMB'000
Current assets	**1,333,610**	1,267,239
Non-current assets	**672,509**	666,418
Current liabilities	**(920,473)**	(877,409)
Non-current liabilities	**(20,722)**	(22,355)

	2024 RMB'000	2023 RMB'000
Net cash flows (used in)/from operating activities	**(17,482)**	97,422
Net cash flows used in investing activities	**(67,053)**	(40,065)
Net cash flows used in financing activities	**(5,388)**	(7,955)
Net (decrease)/increase in cash and cash equivalents	**(89,923)**	49,402

32. Notes to the Consolidated Statement of Cash Flows

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of approximately RMB2,165,000 (2023: approximately RMB6,533,000) and approximately RMB2,165,000 (2023: approximately RMB853,000), respectively, in respect of lease arrangements for buildings and motor vehicles.

(b) Changes in liabilities arising from financing activities

The reconciliation of liabilities arising from financing activities is as follows:

	Lease liabilities RMB'000	Interest-bearing borrowings RMB'000	Total RMB'000
At 1 January 2024	**6,761**	**637,009**	**643,770**
Changes from financing cash flows	**(3,006)**	**(112,884)**	**(115,890)**
Interest expense	**253**	**—**	**253**
Interest paid classified as operating cash flows	**(253)**	**—**	**(253)**
Other non-cash movements	**2,165**	**—**	**2,165**
At 31 December 2024	**5,920**	**524,125**	**530,045**

	Lease liabilities RMB'000	Interest-bearing borrowings RMB'000	Total RMB'000
At 1 January 2023	14,792	551,550	566,342
Changes from financing cash flows	(8,884)	85,459	76,575
Interest expense	361	—	361
Interest paid classified as operating cash flows	(361)	—	(361)
Other non-cash movements	853	—	853
At 31 December 2023	6,761	637,009	643,770

32. Notes to the Consolidated Statement of Cash Flows *(continued)*

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	25,367	8,092
Within financing activities	3,006	8,884
	28,373	16,976

33. Financial Guarantee

Certain revenue and income of the Group generated and to be generated from provision of property management services to the owners or tenants of certain properties, was used to guarantee certain bank loans of certain entities controlled by the ultimate holding company of the Company during the period of the financial guarantee contracts. During the year ended 31 December 2024, such revenue and income of the Group was RMB970,000 (2023: RMB2,500,000). The Group assessed that the fair value at initial recognition of the financial guarantee and the ECL allowance during the year were not significant.

34. Pledge of Assets

At 31 December 2024 and 2023, the Group's assets pledged to certain banks to secure the general banking and other borrowing facilities granted to the Group are included in notes 13, 21, 22 and 26, respectively, to the financial statements.

Details of the guarantee given by the Group to banks in connection with certain bank loans granted to certain entities controlled by the ultimate holding company of the Company is included in note 33 to the financial statements.

35. Commitments

At the end of the reporting period, the Group did not have any significant commitments.

36. Related Party Transactions

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	2024 RMB'000	2023 RMB'000
Residential property management service income:		
Subsidiaries, joint ventures and associates of KWG Holdings*	**226,695**	344,897
An associate of the Group	**6,147**	—
	232,842	344,897
Non-residential property management and commercial service income:		
Subsidiaries and joint ventures of KWG Holdings	**181,639**	310,707
Other related parties**	**—**	2,422
	181,639	313,129
Rental cost and expenses:		
Subsidiaries and joint ventures of KWG Holdings	**14,140**	11,943
Information technology expenses:		
KWG Holdings	**2,000**	2,000

* KWG Holdings is ultimately controlled by Plus Earn.

** Other related parties are entities that are controlled by Mr. KONG Jiantao, an executive director of KWG Holdings.

The prices for the above service fees and other transactions were determined in accordance with the terms mutually agreed by the contracting parties.

(b) Other transactions with related parties

Details of the guarantee given by the Group to banks in connection with certain bank loans granted to certain entities controlled by the ultimate holding company of the Company are included in note 33 to the financial statements.

Details of the guarantee given by an entity controlled by the ultimate holding company of the Company in connection with a bank loan granted to the Group are included in note 26 to the financial statements.

36. Related Party Transactions *(continued)*

(c) Outstanding balances with related parties

	2024 RMB'000	2023 RMB'000
Prepayments and receivables from related parties		
Other non-current assets		
Subsidiaries and joint ventures of KWG Holdings	—	8,000
Trade receivables		
Subsidiaries, joint ventures and associates of KWG Holdings	2,228,238	1,832,426
An associate of the Group	2,950	—
	2,231,188	1,832,426
Prepayments and other receivables		
Subsidiaries and joint ventures of KWG Holdings	5,225	8,000
Payables to related parties		
Trade payables		
Subsidiaries and joint ventures of KWG Holdings	3,695	201
Other payables		
Subsidiaries and joint ventures of KWG Holdings	10,254	7,429
Lease liabilities		
Subsidiaries of KWG Holdings	889	965
Contract liabilities		
Subsidiaries and joint ventures of KWG Holdings	893	659

The Group's outstanding balances of trade receivables, trade payables, lease liabilities and contract liabilities with related parties are trade in nature; and the outstanding balances of other receivables and other payables with related parties are non-trade in nature.

36. Related Party Transactions *(continued)*

(d) Compensation of key management personnel of the Group

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	**7,448**	9,776
Share-based payment expenses	**146**	619
Pension scheme contributions	**197**	197
	7,791	10,592

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

37. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2024 RMB'000	2023 RMB'000
Financial assets		
Financial assets at amortised cost		
Trade receivables	**2,783,640**	2,441,232
Financial assets included in prepayments, other receivables and other assets	**555,640**	635,596
Restricted cash	**62,478**	6,323
Cash and cash equivalents	**1,145,614**	1,442,889
	4,547,372	4,526,040

37. Financial Instruments by Category *(continued)*

	2024 RMB'000	2023 RMB'000
Financial liabilities		
Financial liabilities at amortised cost		
Trade payables	**609,032**	534,764
Lease liabilities	**5,920**	6,761
Financial liabilities included in other payables and accruals	**636,062**	777,048
Interest-bearing bank and other borrowings	**524,125**	637,009
	1,775,139	1,955,582

38. Fair Value and Fair Value Hierarchy of Financial Instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Financial liabilities				
Interest-bearing bank and other borrowings	**524,125**	637,009	**524,823**	647,473

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables, trade payables, lease liabilities, financial assets included in prepayments, other receivables and other assets, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments.

The fair values of the financial assets are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair value:

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2024 were assessed to be insignificant.

38. Fair Value and Fair Value Hierarchy of Financial Instruments *(continued)*

The fair value of lease liabilities has been calculated by discounting the expected future cash flows using rates currently available with similar terms, credit risk and remaining maturities.

Liabilities for which fair values are disclosed:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	—	524,823	—	524,823

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	—	647,473	—	647,473

39. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, restricted cash, trade and other receivables, and trade and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank and other borrowings, and lease liabilities. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on minimising potential adverse effects of these risks, with a material impact, on the Group's financial performance. The board of directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below.

39. Financial Risk Management Objectives and Policies *(continued)*

(a) Foreign currency risk

The Group's most businesses are mainly located in Chinese Mainland and the transactions are mainly conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB. The Group's foreign currency exposures mainly arise from cash, bank deposits, other receivables, and other payables denominated in currencies other than the unit's functional currencies as at 31 December 2024 and 2023.

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates of HK$ and US$, with all other variables held constant, of the Group's profit before tax.

	Change in foreign currency rate	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2024			
If RMB weakens against HK$	**5%**	**(4,950)**	**42,726**
If RMB strengthens against HK$	**5%**	**4,950**	**(42,726)**
If RMB weakens against US$	**5%**	**(1,525)**	**(1,525)**
If RMB strengthens against US$	**5%**	**1,525**	**1,525**
2023			
If RMB weakens against HK$	5%	(2)	40,533
If RMB strengthens against HK$	5%	2	(40,533)
If RMB weakens against US$	5%	—	—
If RMB strengthens against US$	5%	—	—

* Excluding retained profits.

(b) Credit risk

The Group is exposed to credit risk in relation to its trade receivables, other receivables, cash and cash equivalents and restricted cash.

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

39. Financial Risk Management Objectives and Policies *(continued)*

(b) Credit risk *(continued)*

There are no significant concentrations of credit risk for trade receivables and other receivables from third parties as the customer bases of the Group's trade receivables and other receivables from third parties are widely dispersed. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented from third parties are gross carrying amounts for financial assets.

31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	3,805,535	3,805,535
Financial assets included in prepayments, other receivables and other assets					
— Normal**	386,599	–	–	–	386,599
— Doubtful**	–	292,814	–	–	292,814
Restricted cash					
— Not yet past due	62,478	–	–	–	62,478
Cash and cash equivalents					
— Not yet past due	1,145,614	–	–	–	1,145,614
A guarantee given to banks in connection with certain bank loans granted to certain entities controlled by the ultimate holding company of the Company					
— Bank loans drawn and not yet past due	970	–	–	–	970
	1,595,661	292,814	–	3,805,535	5,694,010

39. Financial Risk Management Objectives and Policies *(continued)*

(b) Credit risk *(continued)*

Maximum exposure and year-end staging *(continued)*

31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	—	—	—	3,186,180	3,186,180
Financial assets included in prepayments, other receivables and other assets					
— Normal**	506,858	—	—	—	506,858
— Doubtful**	—	211,784	—	—	211,784
Restricted cash					
— Not yet past due	6,323	—	—	—	6,323
Cash and cash equivalents					
— Not yet past due	1,442,889	—	—	—	1,442,889
A guarantee given to a bank in connection with bank loans granted to an entity controlled by the ultimate holding company of the Company					
— Bank loans drawn and not yet past due	2,500	—	—	—	2,500
	1,958,570	211,784	—	3,186,180	5,356,534

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

39. Financial Risk Management Objectives and Policies *(continued)*

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligation due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding to finance its working capital needs as well as capital expenditure.

The table below analyses the maturity profile of the Group's financial liabilities as at the end of the reporting period, which is based on contractual undiscounted payments.

As at 31 December 2024

	On demand RMB'000	Less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade payables	138,559	470,473	—	—	—	609,032
Lease liabilities	—	2,567	898	2,214	700	6,379
Interest-bearing bank and other borrowings	56,595	94,242	146,520	283,612	—	580,969
Financial liabilities included in other payables and accruals	240,155	329,831	8,020	58,056	—	636,062
A guarantee given to banks in connection with certain bank loans granted to certain entities controlled by the ultimate holding company of the Company	970	—	—	—	—	970
	436,279	897,113	155,438	343,882	700	1,833,412

As at 31 December 2023

	On demand RMB'000	Less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade payables	96,669	438,095	—	—	—	534,764
Lease liabilities	—	3,782	1,110	1,306	1,065	7,263
Interest-bearing bank and other borrowings	50,271	128,054	124,722	395,436	24,183	722,666
Financial liabilities included in other payables and accruals	287,330	313,353	103,830	72,535	—	777,048
A guarantee given to a bank in connection with bank loans granted to an entity controlled by the ultimate holding company of the Company	2,500	—	—	—	—	2,500
	436,770	883,284	229,662	469,277	25,248	2,044,241

39. Financial Risk Management Objectives and Policies *(continued)*

(d) Interest rate risk

The Group has no significant interest-bearing assets. The Group's exposure to changes in market interest rates relates primarily to the Group's bank loans with floating interest rates. The Group has not used any interest rate swaps to hedge its cash flow interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
2024		
RMB	200	(79)
RMB	(200)	79

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
2023		
RMB	200	(399)
RMB	(200)	399

39. Financial Risk Management Objectives and Policies *(continued)*

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No change was made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

The Group monitors capital using a current ratio, which is total current assets divided by total current liabilities, and a liabilities to assets ratio, which is total liabilities divided by total assets. The current ratios and liabilities to assets ratios at the end of the reporting periods are as follows:

	2024 RMB'000	2023 RMB'000
Total current assets	**4,686,681**	4,642,453
Total current liabilities	**2,548,523**	2,552,564
Total assets	**6,184,524**	6,894,358
Total liabilities	**3,042,413**	3,184,955
Current ratio	**1.84**	1.82
Liabilities to assets ratio	**0.49**	0.46

40. Event after the reporting period

There were no material events of the Group subsequent to 31 December 2024 and up to the reporting date.

41. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
CURRENT ASSETS		
Cash and cash equivalents	129,516	232
Prepayments, other receivables and other assets	2,196,930	2,365,524
Total current assets	2,326,446	2,365,756
CURRENT LIABILITIES		
Other payables and accruals	29,922	109,091
Total current liabilities	29,922	109,091
NET CURRENT ASSETS	2,296,524	2,256,665
TOTAL ASSETS LESS CURRENT LIABILITIES	2,296,524	2,256,665
NET ASSETS	2,296,524	2,256,665
EQUITY		
Share capital	17,568	17,568
Reserves (note)	2,278,956	2,239,097
TOTAL EQUITY	2,296,524	2,256,665

41. Statement of Financial Position of the Company *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Employee share-based compensation reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	2,189,462	6,193	60,435	(41,591)	2,214,499
Loss for the year	—	—	—	(6,566)	(6,566)
Other comprehensive income for the year:					
Exchange differences on translation into presentation currency	—	—	33,814	—	33,814
Total comprehensive income/(loss) for the year	—	—	33,814	(6,566)	27,248
Share-based compensation expenses	—	(2,650)	—	—	(2,650)
At 31 December 2023	2,189,462	3,543	94,249	(48,157)	2,239,097
At 1 January 2024	**2,189,462**	**3,543**	**94,249**	**(48,157)**	**2,239,097**
Loss for the year	**—**	**—**	**—**	**(5,893)**	**(5,893)**
Other comprehensive income for the year:					
Exchange differences on translation into presentation currency	**—**	**—**	**45,424**	**—**	**45,424**
Total comprehensive income/(loss) for the year	**—**	**—**	**45,424**	**(5,893)**	**39,531**
Share-based compensation expenses	**—**	**328**	**—**	**—**	**328**
At 31 December 2024	**2,189,462**	**3,871**	**139,673**	**(54,050)**	**2,278,956**

42. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 27 March 2025.

Five Years Financial Summary

A summary of the results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the audited financial statements, is set out below:

	Year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
RESULTS					
REVENUE	**3,573,469**	3,848,973	4,025,711	3,255,446	1,517,227
Cost of sales	**(2,690,811)**	(2,666,609)	(2,785,151)	(2,029,338)	(878,679)
Gross profit	**882,658**	1,182,364	1,240,560	1,226,108	638,548
Other income and gains	**121,329**	46,483	84,177	26,606	11,548
Selling and distribution expenses	**(5,488)**	(4,314)	(4,598)	(4,795)	(1,987)
Administrative expenses	**(471,595)**	(507,409)	(542,838)	(333,176)	(193,563)
Other expenses, net	**(1,049,953)**	(548,181)	(634,166)	(22,842)	(10,514)
Finance costs	**(33,036)**	(35,464)	(22,906)	(261)	(317)
Share of profit and loss of:					
Joint ventures	**7,029**	4,712	1,164	(836)	—
Associates	**127**	1,784	2,040	1,949	1,911
(LOSS)/PROFIT BEFORE TAX	**(548,929)**	139,975	123,433	892,753	445,626
Income tax expenses	**(9,730)**	(77,657)	(63,582)	(208,436)	(121,937)
(LOSS)/PROFIT FOR THE YEAR	**(558,659)**	62,318	59,851	684,317	323,689
Attributable to:					
Owners of the parent	**(572,282)**	30,303	3,412	674,843	323,083
Non-controlling interests	**13,623**	32,015	56,439	9,474	606
	(558,659)	62,318	59,851	684,317	323,689

	As at 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
ASSETS, LIABILITIES AND EQUITY					
TOTAL ASSETS	**6,184,524**	6,894,358	6,944,691	5,002,071	4,228,532
TOTAL LIABILITIES	**3,042,413**	3,184,955	3,516,172	1,486,185	1,235,057
TOTAL EQUITY	**3,142,111**	3,709,403	3,428,519	3,515,886	2,993,475

KWG LIVING GROUP HOLDINGS LIMITED