2024 Annual Report

Evergrande Property Services Group Limited

恒大物業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6666

貼心服務 真誠相伴

Contents

Corporate Information

Board of Directors

Executive Directors

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

Non-executive Directors

Mr. Sang Quan
Mr. Lin Wuchang

Independent Non-executive Directors

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Authorized Representatives

Mr. Duan Shengli
Mr. Cheng Ching Kit

Joint Company Secretaries

Mr. Hu Xu
Mr. Cheng Ching Kit

Headquarters and Principal Place of Business in the PRC

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

Principal Place of Business in Hong Kong

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

Registered Office

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

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Auditors

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

Legal Advisers

Sidley Austin

Principal Banks

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

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

6666

Company's Website

www.evergrandeservice.com

Awards and Honours

(Partial Extract)


証书
CERTIFICATE
2024中国物业管理行业上市物企20强
2024 Top20 Listed Companies of China Property Management Service
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北京中物智汇信息科技股份公司
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北京中物智汇信息科技股份公司
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北京中物智汇信息科技股份公司
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金碧物业有限公司
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浙江亚太酒店物业服务有限公司
北京中物智汇信息科技股份公司
二〇二四年五月

2024 Top 10 Companies in Industrial Park Property Service in China

In 2024, Evergrande Property Services Group Limited (“**Evergrande Property Services**” or the “**Company**”, together with its subsidiaries, the “**Group**”) was honoured with numerous awards by Beijing Zhongwu Zhihui Information Technology Co., Ltd. (“**China Property Management Think Tank**”) (北京中物智匯信息科技股份公司), including “No.5 Ranking in 2024 Top 20 Listed Companies of China Property Management Service”, “2024 Top 5 Listed Companies in Stable Operation of China Property Management Service”, “2024 Top 5 Listed Companies in Firm Scale of China Property Management Service”. The subsidiaries of the Company were honoured with numerous awards by China Property Management Think Tank, including “No.4 Ranking in 2024 Top 100 Property Management Companies in terms of Comprehensive Strengths in China”,”2024 Top 100 High-quality Service Property Management Companies in China”,”2024 Independent Operative Leading Companies in Property Service in China”,”2024 Top 10 Companies in Residential Property Service in China”,”2024 Top 10 Companies in City Service in China” and “2024 Top 10 Companies in Industrial Park Property Service in China”.

Awards and Honours

(Partial Extract)

2024 Top 10 Companies in Administrative Office Property Service in China

2024 Top 10 Companies in Hospital Property Service in China

2024 Top 10 Companies in Traffic Hub Property Service in China

2024 Top 100 Brand Influential Property Management Companies in China

2024 Property Service Characteristic Property Model Benchmark Company in China-Community Value-Added Services

Excellent Exhibitor of "2024 the 5th Guangzhou International Intelligent Property Expo"

During the Year, the subsidiaries of the Company were honoured with numerous awards by China Property Management Think Tank, including "2024 Top 10 Companies in Administrative Office Property Service in China", "2024 Top 10 Companies in Hospital Property Service in China", "2024 Top 10 Companies in Traffic Hub Property Service in China" and "2024 Top 100 Brand Influential Property Management Companies in China". They were also honoured with "2024 Property Service Characteristic Property Model Benchmark Company in China-Community Value-Added Services" by EH Consulting. Meanwhile, they were awarded "Excellent Exhibitor of '2024 the 5th Guangzhou International Intelligent Property Expo'" by the Guangdong Property Management Industry Institute (廣東省物業管理行業協會).

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of the Company, I am pleased to present the annual results of the Group for the year ended 31 December 2024 (the "**Year**").

Review of 2024

With the in-depth promotion of the national "Four Goods" construction strategy of "good houses, good neighborhoods, good communities, and good urban areas (好房子、好小區、好社區、好城區)", high-quality property services have become a powerful support for residents' happy lives, stable and harmonious communities, and the sustainable development of cities. As a key force in grassroots governance, property service enterprises, driven by both national policy encouragement and market demand, have ushered in significant development opportunities. However, the complex and changing market economic environment and the continuous shrinkage of the upstream incremental market have made property service enterprises face multiple challenges such as intensified competition, a slowdown in scale growth, and rising operating costs. In addition, the Group has been affected by the liquidation and asset disposal of the controlling shareholder, and has been continuously under pressure in aspects such as brand image, market expansion, and project operation. Previously, due to the huge loss of RMB13.4 billion, it encountered an unprecedented development crisis. Facing numerous challenges, all employees of the Group have united as one, with the determination to cut off all means of retreat and the courage to break through obstacles (以破釜沉舟的決心和披荊斬棘的勇氣), and have made every effort to promote the Company's transformation and breakthrough. We have placed customers at the center, continuously enriched the value of services, driven the development of innovative businesses by customer needs, and promoted the simultaneous improvement of the Company's scale and quality based on market-oriented principles. With the joint efforts of all employees, the Company has gradually emerged from the dilemma, and its performance has steadily improved, laying a solid foundation for achieving cross-cycle, sustainable, and high-quality development.

During the Year, the Group achieved operating revenue of approximately RMB12,756.7 million, representing a year-on-year increase of approximately 2.2%. Among them, the community living services performed outstandingly, generating revenue of approximately RMB911.0 million, representing a year-on-year growth of approximately 12.6%. The asset management services advanced steadily, achieving revenue of approximately RMB776.8 million, representing a year-on-year increase of approximately 4.9%. The Group achieved a gross profit of approximately RMB2,443.4 million during the Year, and a net profit of approximately RMB1,032.0 million. The profit attributable to the owners of the Company was approximately RMB1,021.0 million, and the basic earnings per share were approximately RMB0.09. As at 31 December 2024, the Company's net assets increased by approximately RMB958.0 million compared with the end of 2023, and the monetary funds increased by approximately RMB910.9 million compared with the end of 2023. The Company has a robust cash flow, and its financial position continues to improve.

Focusing on advantageous markets, both "quantitative growth" and "qualitative upgrading" are advancing in tandem. The Group has given full play to the brand advantages of its professional subsidiaries, deeply deployed in the first-tier cities and emerging city agglomerations, actively explored resources such as existing property portfolios (存量盤) and non-residential business formats. It has made a strong effort in market expansion, and the scale of management has grown steadily. As at 31 December 2024, the Group's total contracted GFA was approximately 799 million sq.m, and the GFA under management was approximately 579 million sq.m. During the Year, the newly signed contracted GFA from third parties accumulated to exceed 47 million sq.m, representing a year-on-year growth of over 100%, and the annual saturated contract revenue exceeded RMB1 billion. Among them, the annual saturated revenue of non-residential projects was approximately RMB740 million, accounting for more than 70%, covering a large number of landmark projects and involving various business formats such as industrial parks, hospitals, schools, rail transit, and city public services. It has achieved all-round progress in terms of business format, scale, and region, and has accumulated a number of high-quality customers in major fields such as energy, telecommunications, logistics, and consumption, laying a solid foundation for the Company's high-quality development.

Focusing on customer satisfaction and building a beautiful home with heart. We firmly believe that "service is the foundation of our existence (服務是立身之本)" and always put customer satisfaction first. Starting from the customer's perspective, we continuously refine the service quality and upgrade the customer experience. During the Year, we took practical measures to fully promote service upgrades. We launched the "home renewal (家園煥新)" campaign focusing on key areas such as the property owners' living environments, security and fire protection equipment. We invested over RMB300 million throughout the Year and completed more than 4,000 community upgrade and renovation projects. The good condition rate of the equipment and facilities in the communities increased from 98.15% to 99.60%, significantly improving the living quality of customers. Meanwhile, we always regard work safety as a core task. During the Year, we continuously carried out comprehensive inspections for potential safety hazards in key areas such as community distribution room, fire escape routes, and elevator machine rooms. We also strengthened the safety training for employees to improve their emergency response capabilities. With all-round and refined safety management, we safeguard the safety of the property owners. In addition, through various means such as organizing community cultural activities covering all age groups and carrying out the campaign of "showcasing standards, showcasing services (曬標準、曬服務)", we have deepened customers' intuitive feelings and recognition of high-quality services, further enhancing customer satisfaction and a sense of belonging.

Focusing on customer needs, the development model of "property services + living services" has achieved remarkable results. We adhere to basic services as the support and focus on customers' high-frequency needs, further delving into segmented sectors such as community group buying and housing rental and sales. In terms of community group buying, we adhere to the strategy of "selecting products from the source, delivering services to the door, and providing worry-free after-sales service (源頭甄選、服務到家、售後無憂)". By leveraging the online "Evergrande optimization (恒優選)" Applet and creating the scene of the "neighborhood bazaar (鄰里市集)" in the downstairs economy, we have successfully promoted the vigorous development of the group buying business. The revenue during the Year increased by approximately 27.5% compared with 2023. In terms of housing rental and sales, we have continuously expanded our business scope and now cover 237 cities. Relying on the on-site advantage, with the trinity service model of "professionalism, service, and integration", we have built an efficient and reliable bridge for property transactions for the property owners. The cumulative transaction amount during the Year exceeded RMB4.0 billion, and the revenue achieved was approximately RMB73.23 million, representing an increase of nearly 150% compared with 2023. Meanwhile, we continue to explore new products and models that are suitable for customer needs and have growth potential. Focusing on the property owners' needs for home entry services, the Group continues to provide to-home services integrating housekeeping services, home appliance cleaning, elderly care services, etc. And focusing on the core needs of residents under the "silver economy" and the "tourism economy", we have incubated customized, elderly-friendly, and high-quality tourism services.

Focusing on the customer experience, we are reshaping the new value of property services through digital intelligence transformation. The Group is vigorously promoting the construction of a trinity smart community ecosystem of "hardware + platform + service", continuously optimizing the service model and operational efficiency, constantly innovating the customer service experience, and driving the Company's business transformation and upgrading. In terms of internal management, we build a digital intelligence operation platform for all elements, deeply integrate core modules such as human resources, procurement, finance, investment and market expansion, reshape the cross-departmental collaboration and resource allocation system, and comprehensively improve operational efficiency. In terms of customer service, relying on AIoT technology, we have successfully created a smart security system. The response efficiency of equipment failures has increased by 70%, and we have achieved active monitoring and services for more than 20 scenarios such as high-altitude parabolic objects and people drowning, building a "smart security barrier" for the property owners. Meanwhile, we have built a full-scene butler service platform, realizing closed-loop management from real-time push of property owners' repair requests, accurate order dispatching, online payment to the whole-process tracking of complaints, greatly improving service efficiency and user experience. In addition, we have actively built a community service integration platform, connecting 15 types of life scenarios such as housekeeping services, housing rental and sales, and community group buying. The customer scale of the platform has reached 3 million people. We have reconstructed the service value chain through digital intelligence operation, forming an ecological closed loop where property services and innovative businesses complement each other. Through the digital and intelligent transformation driven by both the management end and the business end in tandem, we have achieved the synchronous resonance of lean enterprise management and customer value creation.

Actively fulfilling social responsibilities and demonstrating our commitment through actions. While making great efforts in development, the Group has always adhered to giving back to society. We have actively carried out agricultural assistance and farmer-benefiting businesses. By means of community group buying, setting up special counters for agricultural assistance, etc., we have broadened the sales channels for agricultural products. This year, we have helped more than 30,000 rural households increase their income by over RMB40.0 million. Meanwhile, we have widely recruited groups such as demobilized veterans and people with disabilities, and provided a large number of job positions for upstream and downstream cooperative suppliers. We have given full play to the vanguard role of property management enterprises in emergency response. In the face of extreme weather such as typhoons in Hainan, we formed emergency rescue teams in advance to ensure community safety, and assisted the government in post-disaster reconstruction to safeguard the lives and property of residents. As a result, we were awarded the honorary title of "Advanced Entity in Typhoon Resistance and Emergency Rescue" and have received widespread acclaim from society. In addition, during the "ensure housing delivery (保交房)" work, the Company responded to the government-enterprise coordination mechanism, and helped millions of families live and work in peace and contentment. Through proactive actions, we have demonstrated our responsibility in providing people's livelihood services.

Outlook for 2025

With solid accumulation and progress steadily, we will move steadily towards a promising future. The Group will continue to maintain strategic determination and continuously promote the development model of "emphasizing both scale development and quality improvement, balancing financial soundness and innovative growth, and coordinating diversified layouts with full business formats (規模發展與品質提升並重、財務穩健與創新成長兼顧、多元化佈局與全業態協同)". Adhering to the concept of stable operation, we will drive the simultaneous improvement of the Company's scale and quality, and earnestly practice the new model of high-quality independent development.

Strategy I: Continuously upgrade the living experience and win customer satisfaction with "excellent services".

We uphold the service concept of "oriented towards customers and the front line (向客戶、向一線)", and are committed to providing practical services that meet the real needs of property owners. The Group places quality above profit, increases effective investment in public areas, continuously promotes renewal projects, and updates, renovates, and upgrades important facilities and equipment such as infrastructure, security, and fitness facilities with intelligent features. Meanwhile, we constantly improve the "dual internal and external circulation (內外雙循環)" supervision model that combines internal supervision with customer evaluation, achieve dynamic rectification of problems, and build quality resilience. The Group will create model projects. Through experience sharing, on-site assistance, and regular supervision, we will enhance the overall quality of services to ensure that the services in thousands of communities of the Company are of the same high quality.

Strategy II: Promote the two-way matching of demand and service to meet customers' expectations for a better life.

The Group takes "deeply meeting customers' needs" as the core and drives the growth of innovative businesses with the dual engines of "service upgrading + vertical deepening (服務升級+ 垂直深耕)". Relying on the "Evergrande optimization" platform, by strictly controlling the product selection standards, connecting the source supply chain, and optimizing the community marketing network, we create a high-value experience of good products, good prices, and good services, and spare no effort to strengthen the community group buying business. Meanwhile, we give full play to the advantages of near-field (近場) services. Supported by service standardization and refined operation, we enhance professional capabilities and service quality. With the strategy of "honeycomb-style expansion + regional deep cultivation (蜂窩式擴張+ 區域深耕)", we deepen the business layout and promote the rapid growth of the rental and sales business. We innovatively lay out community tourism. Using the trust relationship of property services as a bond, we create a composite tourism experience integrating neighborhood social interaction, worry-free companionship, and safety protection, construct high-quality life scenarios for the elderly population, and open up new growth points for innovative businesses.

Strategy III: Carry out coordinated expansion of diversified business formats to promote the growth of management scale with improved quality.

The Group takes "high-quality expansion and steady growth" as its keynote. It intensively cultivates key regions and the existing market, targets benchmark projects with rapid contract conversion, an excellent customer base, and strong profitability, and forms a regional agglomeration effect through the approach of "encircling key points and expanding the influence (圍點打圓)". By coordinating resources and operations, it improves the quality and operational efficiency of regional projects. Meanwhile, it solidifies the foundation with the residential business, seizes the strategic opportunities of city renewal, makes a strong foray into the non-residential business market, focuses on segmented fields such as hospitals, schools, industrial parks, rail transit, and city public services, creates a benchmark service system with industry-leading value, and accumulates differentiated competitive advantages. Through the feedback of professional capabilities and the extension of the service value chain, it strengthens the contract renewal stickiness of existing projects and empowers the expansion of new projects, fully unleashing the potential for the Group's sustainable development.

Strategy IV: Deepen technological integration to boost the leap in the quality of property services.

The Group will promote the integrated innovation of AI technology and property management. Leveraging AIoT technology, it will develop scenario-specific solutions for intelligent security, smart access, energy management and control, etc., to achieve three-dimensional management with interconnected devices, intercommunicating data, and interactive services. Meanwhile, based on a standardized knowledge base, the Group will integrate a 24/7 AI customer service and a smart work order system, and establish a "AI pre-processing + human backup (AI 預處理+人工保障)" collaborative mechanism. By intelligently analyzing property owners' requests for dynamic classification, it can achieve millisecond-level response to service demands and accurate scheduling of service resources. Combining with machine learning technology, the Group will continuously optimize processes and ultimately form a self-evolving service system covering the entire "reception-processing-feedback-improvement (受理-處理-反饋-改進)" chain. Through technology empowerment and management innovation, the Group aims to create a new service paradigm that combines the warmth of humanity with the efficiency of technology.

Strategy V: Implement a prudent financial policy to build a solid defense line for the Company's development.

The Group adheres to a development strategy that emphasizes both financial security and growth. It attaches great importance to financial independence, compliance, and transparency. By strengthening internal audit supervision and deepening the construction of financial informatization, the Group has established a penetrating regulatory system, enabling dynamic monitoring of risks throughout the entire financial chain and addressing issues at their source, thus firmly building a line of defense for financial security. We continuously consolidate the basic revenue of property services through quality improvement. We deeply cultivate high-value fields such as community living services and asset management services in the "asset-light and operations-focused (輕資產、重運營)" model, continuously optimize the revenue structure, and drive profit growth. Meanwhile, we carefully control major capital investments, optimize cash flow management, increase the coverage of operating net cash flow over core profits, continuously enhance the thickness of cash reserves, and improve the Company's risk-resistance resilience, enabling the Company to navigate through cycles and move forward steadily.

Strategy VI: Build a high-level talent team to activate new organizational momentum.

We comprehensively implement the "towards the front line (向一線)" culture. We continuously promote cadres at all levels to go down to the front line. By providing opportunities, creating conditions, and assigning responsibilities, we enable talents to be tempered at the front line and grow through practice. Meanwhile, according to the characteristics of different business formats, we assign dedicated service teams. With the help of the working-hour efficiency analysis model, we dynamically adjust the staffing ratio. Focusing on the employment concept of multi-skilled in one position, we promote the transformation of front-line staff into comprehensive service providers, build an agile and flexible organization, reshape the efficiency of grass-roots organizations, and achieve the mutual promotion and common progress of service efficiency and customer satisfaction. In addition, we encourage employees to boldly experiment and be brave in innovation. By setting benchmarks and examples, we inspire employees to strive for excellence, continuously enhance employees' satisfaction, sense of responsibility, and honor. With a high-efficiency and high-satisfaction employee team, we continuously create an excellent service experience for customers.

Strategy VII: Continuously deepen the leading role of Party building and jointly promote high-quality development.

We will continuously deepen the "Party building + property service" model. In cooperation with the community Party organizations, we will make every effort to promote the establishment and connection of Party organizations in projects where they have not been established. Meanwhile, we will give full play to the vanguard and exemplary role of Party members. Guided by Party building, we will comprehensively improve the quality of property services, pool the strength of all parties to do practical things for residents and solve their problems, and achieve the characteristic and in-depth integration of "Party building for construction and service for the people". In addition, we will deepen the construction of the Party-building brand. By continuously summarizing, refining, enhancing and promoting the excellent experiences and innovative paths of Party-building work, we will create a Party-building brand with the characteristics of the Company, enabling the red gene to take deep root and bear fruit in property services.

We will continue to take a steady path of high-quality development, adhere to putting customers first and service foremost. We will comprehensively strengthen the five core competitiveness aspects of brand, quality, talent, operation, and technology, consolidate the foundation for the development of the property industry, and strive to provide our customers with all-round, multi-level, and comprehensive high-quality services.

The journey ahead is long. Only through hard work can we move forward. With the mission on our shoulders, we will never forget our original aspiration. On behalf of the Board of Directors, I would like to express my gratitude to all our employees and the management team for their contributions to the Company's development. I also extend my sincere appreciation to all shareholders and stakeholders for their trust and support.

Duan Shengli
Chairman of the Board

Hong Kong, 31 March 2025

Management Discussion and Analysis

Financial Review

Revenue

The Group's revenue is mainly derived from four business segments: (i) property management services; (ii) community living services; (iii) asset management services; and (iv) community operation services. For the year ended 31 December 2024, the Group's total revenue was approximately RMB12,756.7 million, representing a year-on-year increase of approximately 2.2%.

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

	For the year ended 31 December 2024		For the year ended 31 December 2023		
	Revenue (RMB'000)	Percentage of total revenue (%)	Revenue (RMB'000)	Percentage of total revenue (%)	Growth rate (%)
Property management services	**10,688,681**	**83.8**	10,318,518	82.6	3.6
– Basic property management services	**10,591,066**	**83.0**	10,227,388	81.9	3.6
– Value-added services to non-property owners	**97,615**	**0.8**	91,130	0.7	7.1
Community living services	**910,983**	**7.1**	809,252	6.5	12.6
Asset management services	**776,780**	**6.1**	740,369	5.9	4.9
Community operation services	**380,243**	**3.0**	618,405	5.0	-38.5
Total	**12,756,687**	**100.0**	12,486,544	100.0	2.2

(i) Property management services

During the Year, revenue from property management services amounted to approximately RMB10,688.7 million, representing a year-on-year increase of approximately 3.6%. Among them:

1. Revenue from basic property management services amounted to approximately RMB10,591.1 million, representing a year-on-year increase of approximately 3.6%, which was mainly attributable to the increase in the Group's GFA under management.

   As of 31 December 2024, the Group had a total GFA under management of approximately 579 million sq.m., representing an increase of approximately 47 million sq.m. as compared with the total GFA under management of approximately 532 million sq.m. as of 31 December 2023.

   During the Year, (i) due to the principle of prudence, the Group recognized revenue from basic property management services on the basis of the consideration expected to be received for the provision of property management services to customers. For certain customers with significantly increased credit risk, the Group has not recognized revenue for the portion of the consideration from those customers for which the Group has fulfilled its performance obligations but has not yet collected the consideration, taking into account their willingness to pay the consideration when the consideration was overdue; and (ii) considering the status of related parties, the Group's revenue from property management services during the Year excluded revenue from basic property management services such as management of vacant properties relating to related parties of approximately RMB373.8 million based on the principle of robustness.

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

Project Sources	For the year ended 31 December 2024 Revenue (RMB'000)	Percentage of total revenue (%)	For the year ended 31 December 2023 Revenue (RMB'000)	Percentage of total revenue (%)	Growth rate (%)
Residential/commercial, etc.	**8,808,237**	**83.2**	8,494,959	83.1	3.7
Public construction projects	**1,604,462**	**15.1**	1,559,236	15.2	2.9
City public service	**178,367**	**1.7**	173,193	1.7	3.0
Total	**10,591,066**	**100.0**	10,227,388	100.0	3.6

2. Revenue from value-added services to non-property owners was approximately RMB97.6 million.

(ii) Community living services

During the Year, revenue from community living services amounted to approximately RMB911.0 million, representing a year-on-year increase of approximately 12.6%, which was mainly attributable to: (i) the Group's focus on community group buying to provide property owners with green and healthy products, with a creation of a number of popular featured products during the Year; and (ii) scaling up equipment in response to property owners' high-frequency demand for direct drinking water and new energy charging to increase operating revenue.

(iii) Asset management services

During the Year, revenue from asset management services amounted to approximately RMB776.8 million, representing a year-on-year increase of approximately 4.9%, which was mainly attributable to: (i) the significant increase in business revenue as the Group continued to scale up its professional leasing and sales team by leveraging on its in-depth cultivation in the community and advantage of scale, highlighted its advantages in differentiated services, and enhanced its service satisfaction and professionalism; and (ii) the steady growth achieved in the revenue scale as the Group enhanced the quality of its services and optimized the car parking experience following the commencement of operation of the newly delivered car parks.

(iv) Community operation services

During the Year, revenue from community operation services amounted to approximately RMB380.2 million, representing a year-on-year decrease of approximately 38.5%, which was mainly attributable to the decrease in revenue from the related business as a result of the decrease in the willingness of merchants to place advertisements and the demand for venue rental due to the impact of the market environment.

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

Revenue sources	For the year ended 31 December 2024		For the year ended 31 December 2023		
	Revenue (RMB'000)	Percentage of total revenue (%)	Revenue (RMB'000)	Percentage of total revenue (%)	Growth rate (%)
Related parties	**86,806**	**0.7**	113,712	0.9	-23.7
Third parties	**12,669,881**	**99.3**	12,372,832	99.1	2.4
Total	**12,756,687**	**100.0**	12,486,544	100.0	2.2

Cost of sales

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

During the Year, the Group's cost of sales increased by approximately 10.0% from approximately RMB9,378.1 million in 2023 to approximately RMB10,313.3 million in 2024, which was mainly attributable to: (i) the expansion of the Group's GFA under management; (ii) the enhancement of the quality of services and the increase in investment in the projects under management in terms of facility and equipment renewal and renovation, environmental enhancement and greening upgrading; (iii) organize diverse community cultural activities to enhance customer engagement; and (iv) increased procurement costs as a result of the vigorous development of community living services.

Gross profit and gross profit margin

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

	For the year ended 31 December 2024		For the year ended 31 December 2023	
	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)
Property management services	**1,707,227**	**16.0**	2,199,937	21.3
– Basic property management services	**1,698,338**	**16.0**	2,190,394	21.4
– Value-added services to non-property owners	**8,889**	**9.1**	9,543	10.5
Community living services	**203,112**	**22.3**	201,585	24.9
Asset management services	**380,389**	**49.0**	419,289	56.6
Community operation services	**152,709**	**40.2**	287,637	46.5
Total	**2,443,437**	**19.2**	3,108,448	24.9

During the Year, the Group's overall gross profit was approximately RMB2,443.4 million, with a gross profit margin of approximately 19.2%, representing a year-on-year decrease of approximately 5.7 percentage points.

1. In respect of property management services, the gross profit margin decreased by approximately 5.3 percentage points from approximately 21.3% in 2023 to approximately 16.0% in 2024. Among them, the gross profit margin of basic property management services decreased by approximately 5.4 percentage points from approximately 21.4% in 2023 to approximately 16.0% in 2024, which was mainly attributable to: (i) based on prudence principle, for certain third-party customers with significantly increased credit risk, the Group has temporarily not recognized revenue for the portion of the consideration from those customers for which the Group has fulfilled its performance obligations but has not yet collected the consideration, taking into account their willingness to pay the consideration when the consideration is overdue, but the related costs have been recognized; and (ii) the Group has focused on improving the quality of its services and has increased its investment in the projects under management in terms of facility and equipment renewal and renovation, environmental enhancement and greening upgrading.

2. In respect of community living services, gross profit margin decreased by approximately 2.6 percentage points from approximately 24.9% in 2023 to approximately 22.3% in 2024, which was mainly attributable to: (i) the increase in the procurement of equipment such as water dispensers; and (ii) the increase in investment in the supply chain and information technology in order to consolidate the advantages of the community group buying business.

3. In respect of asset management services, gross profit margin decreased by approximately 7.6 percentage points from approximately 56.6% in 2023 to approximately 49.0% in 2024, which was mainly attributable to: (i) a phased increase in the cost of business due to the adjustment of the commercial terms of the car parking space leasing business in accordance with the principle of marketization; and (ii) further enhancement of customer experience, optimization of the service platform and increase in investment in information technology.

4. In respect of community operation services, gross profit margin decreased by approximately 6.3 percentage points from approximately 46.5% in 2023 to approximately 40.2% in 2024. This was mainly due to the decrease in investment in business related to the leasing of business premises and advertisement placement by merchants due to the weaker-than-expected market environment.

Administrative and marketing expenses

During the Year, the administrative and marketing expenses of the Group increased by approximately 7.3% from approximately RMB909.4 million in 2023 to approximately RMB975.4 million in 2024, which was mainly attributable to: (i) the Group's increased investment in intelligent construction in order to facilitate its business development and to enhance its management efficiency; and (ii) the legal proceedings expenses incurred by the Group in relation to the RMB13.4 billion deposit pledge which was enforced by the relevant banks, and the late payment due to the underpayment of corporate income tax as a result of the early recognition of the bad debt losses and partial pre-tax deduction, included in administrative and marketing expenses during the Year. As of the date of this report, the Group has paid up all the income tax for the years 2021 and 2022 and will not continue to incur late payment expenses in the future.

Other income

During the Year, other income was approximately RMB185.3 million, representing a decrease of approximately 10.4% as compared with approximately RMB206.7 million in 2023, which was mainly attributable to the decrease in tax incentive policy subsidies and government subsidies as compared with 2023.

Other losses

During the Year, the Group's other net losses amounted to approximately RMB48.2 million, representing a decrease of approximately 68.1% as compared with approximately RMB151.3 million in 2023. This was mainly due to the decrease in impairment of goodwill and intangible assets during the Year.

Income tax expenses

During the Year, the Group's income tax expense was approximately RMB375.3 million, representing a decrease of approximately 30.7% as compared with approximately RMB541.6 million in 2023, which was mainly due to the decrease in operating profit realized during the Year as compared with 2023.

Profit for the year

During the Year, the net profit of the Group was approximately RMB1,032.0 million, representing a decrease of approximately 34.0% as compared with approximately RMB1,563.8 million in 2023, and the net profit margin was approximately 8.1%, representing a decrease of approximately 4.4 percentage points as compared with approximately 12.5% in 2023.

During the Year, profit attributable to owners of the Company was approximately RMB1,021.0 million, representing a decrease of approximately 33.8% as compared with approximately RMB1,541.2 million in 2023.

Property and equipment

The Group's property and equipment mainly comprises buildings, machinery, vehicles, furniture, fixtures and equipment.

As at 31 December 2024, the net carrying value of the Group's property and equipment was approximately RMB67.9 million, representing an increase of approximately 15.9% as compared with approximately RMB58.6 million as at 31 December 2023.

Right-of-use assets

The Group's right-of-use assets mainly comprise assets such as office premises, staff quarters and operating lease assets leased by the Group. As at 31 December 2024, the Group's right-of-use assets were approximately RMB22.9 million, representing a decrease of approximately RMB5.6 million as compared with approximately RMB28.5 million as at 31 December 2023, which was mainly due to the decrease in the remaining lease term of the operating lease assets.

Intangible assets

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

As at 31 December 2024, the Group's intangible assets amounted to approximately RMB1,498.3 million, representing a decrease of approximately RMB148.3 million as compared with approximately RMB1,646.6 million as at 31 December 2023, which was mainly attributable to impairment and amortization of goodwill, property management contracts and customer relationships recognized by the acquired subsidiaries incurred during the Year of approximately RMB150.7 million.

Trade and other receivables

As at 31 December 2024, the Group's trade receivables amounted to approximately RMB2,586.4 million, representing a decrease of approximately RMB460.2 million as compared with approximately RMB3,046.6 million as at 31 December 2023, which was mainly attributable to: (i) the Group's continuous efforts to enhance the quality of project services and strengthen the management of repayment and cash flow; and (ii) for certain third-party customers with significantly increased credit risk, the Group has temporarily not recognized revenue for the portion of the consideration from those customers for which the Group has fulfilled its performance obligations but has not yet collected the consideration, taking into account their willingness to pay the consideration when the consideration is overdue.

The Group's other receivables increased by approximately RMB103.9 million from approximately RMB462.0 million as at 31 December 2023 to approximately RMB565.9 million as at 31 December 2024, which was mainly attributable to the expansion in the scale of management of the Group, which resulted in the increase in deposits, advances on behalf of property owners and third parties.

Trade and other payables

Trade and other payables comprise trade payables, provisional receipts, deposits payable, consideration payable for mergers and acquisition, wages and benefits payable, dividends payable, tax payable and estimated liabilities.

As at 31 December 2024, the Group's trade payables were approximately RMB1,766.7 million, representing an increase of approximately RMB351.3 million as compared with approximately RMB1,415.4 million as at 31 December 2023, which was mainly attributable to the expansion of the area under management and the increase in trade payables for related material purchases and maintenance works to enhance the quality of services.

Other payables decreased by approximately RMB168.9 million from approximately RMB2,700.2 million as at 31 December 2023 to approximately RMB2,531.3 million as at 31 December 2024 (of which long-term payables of approximately RMB75.1 million and current payables of approximately RMB2,456.2 million), which was mainly due to a decrease in the Group's payment of the consideration for business combinations and transactions with third parties in prior years.

Contract liabilities

Contract liabilities mainly arose from prepayments made by customers for related services yet to be provided such as property management services, community living services, asset management services and community operation services. As at 31 December 2024, the Group's contract liabilities were approximately RMB2,755.0 million, representing an increase of approximately RMB105.6 million as compared with approximately RMB2,649.4 million as at 31 December 2023, which was mainly attributable to the increase in the prepayment for property service fees.

Current income tax liabilities

As at 31 December 2024, the Group's current income tax liabilities were approximately RMB461.1 million, representing a decrease of approximately RMB726.4 million as compared with approximately RMB1,187.5 million as at 31 December 2023. This was mainly due to: (i) the Group's back payment of income tax for 2021 and 2022 totalling approximately RMB669.0 million, which was fully settled during the Year; (ii) the settlement and payment of income tax for 2023 of approximately RMB236.0 million; and (iii) the increase in income tax liabilities arising from operating profit during the Year.

Liquidity and financial resources

As at 31 December 2024, the Group's total bank deposits and cash (including the Group's cash and cash equivalents and restricted cash) amounted to approximately RMB2,834.9 million, representing an increase of approximately RMB828.4 million as compared with approximately RMB2,006.5 million as at 31 December 2023, which was mainly attributable to the increase in the net cash inflow generated from the Group's operating activities during the Year.

Of the Group's total bank deposits and cash, restricted bank deposits of approximately RMB137.5 million mainly represented the industry regulatory funds of Evergrande Insurance Agency Co., Ltd., deposits for the provision of property management services as required by local government authorities, cash restricted to projects managed on a remuneration basis only and funds for litigation preservation of some subsidiaries.

As at 31 December 2024, the Group had net current liabilities of approximately RMB968.6 million (as at 31 December 2023: net current liabilities of approximately RMB1,907.3 million). The Group's current ratio (current assets/current liabilities) was approximately 0.87 times (as at 31 December 2023: 0.76 times).

As at 31 December 2024, the Group did not have any borrowings. Accordingly, the gearing ratio (calculated as total borrowings divided by total equity at the dates indicated) as at 31 December 2024 was nil (as at 31 December 2023: nil).

MAJOR RISKS AND UNCERTAINTIES

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

Industry risks

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

Business risks

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

Foreign exchange risks

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

Risk of continuing as a going concern

The Group's ability to continue as a going concern is dependent on having sufficient working capital to meet its financial obligations as they fall due within the next twelve months. As stated in Note 2 to the Group's consolidated financial statements, the Group has taken certain measures to address the uncertainties in continuing as a going concern, including promoting the Company's business development, strict control over the management's establishment and remuneration, streamlining the Group's operating costs, negotiating with creditors and acquired companies on the extension of payment agreements, and enhancing internal controls to ensure the continued sound operation of the Company. The above measures have effectively alleviated the pressure on the Group's operating cash liquidity.

Risk of unrecoverable material losses

The Group has incurred significant losses (the "**Losses**") as a result of the pledged deposits of RMB13.4 billion (the "**Deposit Pledge**") being enforced by the relevant banks, which had been fully provided for as impairment losses in 2021. The Group has filed proceedings against the China Evergrande Group and the relevant responsible parties for the recovery of Losses with the Guangzhou Intermediate People's Court of Guangdong Province in the PRC and obtained court judgements that the China Evergrande Group and the relevant responsible parties (except for Guangzhou Xinyuan) shall repay the deposit pledge amount and interest losses and bear the case handling fee. Among them, the judgements of Evergrande Hengkang RMB1.7 billion Proceeding and Evergrande Hengkang RMB1 billion Proceeding have become effective and the remaining cases are still subject to appeal. The Group will make every effort to promote the enforcement work in accordance with the effective judgments of the court. However, subject to the current status of China Evergrande Group and the relevant responsible parties, there are still material uncertainties as to the amount of Losses that could be recovered by the Group, and the Company will keep the market informed of any progress in a timely manner by way of publication of further announcement(s).

Pledge of Assets

As at 31 December 2024, the Group had no pledged assets.

Contingent Liabilities

As at 31 December 2024, the Group had no material contingent liabilities.

Employees and Remuneration Policy

As of 31 December 2024, the Group had 95,171 employees. During the Year, the total staff costs were approximately RMB6,072.1 million.

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

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

Staff Training and Development

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

During the Year, all staff participated in training, with a total of 0.75 million hours of training and an average of 7.9 hours of training per person.

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

During the year ended 31 December 2024, the Group did not have any significant investment, material acquisition or disposal of subsidiaries, associates or joint ventures.

Future Plans for Significant Investments or Capital Assets

As at 31 December 2024, the Group has no specific future plans for significant investments or capital assets.

Directors and Senior Management

Executive Directors

Mr. Duan Shengli (段勝利), aged 42, was appointed as an executive Director on 22 July 2022. He is also the chairman of the Board and the chairman of the nomination committee of the Company (the "**Nomination Committee**").

Mr. Duan has nearly 20 years of experience in the development, operation of real estate projects and property management. Mr. Duan joined China Evergrande Group in July 2005 and has served in various positions, including the chairman of the Beijing company of Evergrande Real Estate Group, chairman of the Henan company of Evergrande Real Estate Group, chairman of Fairyland Creative Design Group. Mr. Duan is currently a president of the Group.

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

Mr. Han Chao (韓超), aged 36, was appointed as an executive Director on 21 June 2023. He is also a member of the remuneration committee of the Company (the "**Remuneration Committee**").

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

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

Mr. Hu Xu (胡旭), aged 37, was appointed as an executive Director on 21 June 2023.

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

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

Non-Executive Directors

Mr. Sang Quan (桑權), aged 35, was appointed as a non-executive Director on 21 June 2023.

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

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

Mr. Lin Wuchang (林五昌), aged 49, was appointed as a non-executive Director on 21 June 2023.

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

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

Independent Non-Executive Directors

Mr. Peng Liaoyuan (彭燎原), aged 56, was appointed as an independent non-executive Director on 9 February 2022. He is also a member of each of the audit committee of the Company (the "**Audit Committee**") and Nomination Committee. Mr. Peng is responsible for providing independent advice on the operation and management of the Board.

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

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

Ms. Wen Yanhong (文艷紅), aged 56, was appointed as an independent non-executive Director on 19 November 2021. She is also the chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Ms. Wen is responsible for providing independent advice on the operation and management of the Board.

Ms. Wen is a certified public accountant in the PRC with over 20 years of experience in accounting and auditing. Ms. Wen was involved in the audit work of many initial public offering cases in the PRC. Ms. Wen successively served as a partner at Guangzhou Erxiang Accounting Firm (廣州而翔會計師事務所), Tianjian Accounting Firm Guangdong Branch (天健會計師事務所廣東分所), Da Hua CPA (大華會計師事務所) (Special General Partnership) , Beijing Dehao International Certified Public Accountants (北京德皓國際會計師事務所) (Special General Partnership) from November 2012 to October 2024 and has been a partner of Guangzhou Haoyuan Accounting Firm Limited (廣州皓源會計師事務所有限公司) since November 2024. Ms. Wen is also a certified tax accountant in the PRC. She has been the legal representative and the chief taxation officer of Guangzhou Hangyun Tax Advisers Co., Ltd (廣州衡運稅務師事務所有限公司) since February 2017 and was a finance expert in Guangdong Equity Exchange Center Co., Ltd. (廣東股權交易中心股份有限公司).

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

Mr. Dong Xinyi (董心怡), aged 54, was appointed as an independent non-executive Director on 27 September 2023. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee of the Company. Mr. Dong is responsible for providing independent advice on the operation and management of the Board.

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

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

Senior Management

Mr. Fang Shun (方舜), aged 37, joined the Group in November 2015 and has been the deputy general manager of the Group since March 2020. He is primarily responsible for the community value-added business.

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

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

Joint Company Secretaries

Mr. Hu Xu (胡旭), aged 37, was appointed as the joint company secretary of the Company on 22 March 2024. Biographical details of Mr. Hu are set out on page 26 of this Report.

Mr. Cheng Ching Kit (鄭程傑), aged 37, was appointed as the joint company secretary of the Company on 22 March 2024.

Mr. Cheng is an assistance vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional corporate services provider, and has over 12 years of experience in the corporate secretarial service field. He is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. In addition, he holds a Bachelor of Commerce degree in Finance from the University of Queensland in Australia and a Master of Laws degree in Chinese Law from The University of Hong Kong.

Corporate Governance Report

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

We always adhere to the service concept of "conscientious services and heartfelt companionship", putting customers' needs in the first place, and creating a comfortable and convenient living experience for our customers through continuous optimization of the service process and enhancement of service quality. Meanwhile, we advocate the corporate spirit of "integrity, innovation, pragmatism and efficiency". In our daily operations, we adhere to the principle of integrity, have the courage to innovate, focus on practical results, and pursue efficiency, in order to promote the sustainable development of the enterprise through excellent management and services. In addition, the Group attaches great importance to integrity in our business operations. Through various anti-corruption training and education programmes, the Group guides its staff at all levels to "establish integrity, uphold principles, abide by discipline and resist corruption", so as to establish a high standard of business ethics, create a healthy corporate culture and realize good corporate governance, thereby laying a solid foundation for the long-term development of the enterprise.

The Company has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as the Company's corporate governance code. For the year ended 31 December 2024, the Company has complied with all applicable code provisions of the CG Code.

Composition of the Board

During the year ended 31 December 2024 and up to the date of this report, the Board comprises the following members:

Executive Directors

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

Non-executive Directors

Mr. Sang Quan
Mr. Lin Wuchang

Independent non-executive Directors

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

Biographical details of the current members of the Board are set out on pages 26 to 29 of this annual report. Save for being members of the Board, there is no relationship (including financial, business, family or other material relationship) between members of the Board.

For the year ended 31 December 2024, the Company had arranged for appropriate insurance cover for directors' and officers' liabilities in respect of any legal actions against them arising out of the Company's corporate activities.

Roles and Duties of the Board and Management

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

Chairman and Chief Executive Officer

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

Independent Non-Executive Directors

During the year ended 31 December 2024, the Board has at all times met the requirements of Rules 3.10 and 3.10A of the Listing Rules relating to the appointment of (i) at least three independent non-executive Directors; (ii) independent non-executive directors representing one-third of the Board; and (iii) at least one independent non-executive Director possesses appropriate professional qualifications, or accounting or related financial management expertise.

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

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

Appointment and Re-election of Directors

Pursuant to code provision B.2.2 of the CG Code, every director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Company has entered into a service agreement (for executive directors and non-executive directors) or a letter of appointment (for independent non-executive directors) with each of the directors for a term of three years, which may be terminated by not less than three months' notice in writing given by one party to the other. Such appointments are subject to the provisions for retirement by rotation of Directors under the Articles of Association of the Company (the "**Articles**"). Pursuant to the Articles, at each annual general meeting of the Company (the "**AGM**"), one-third of the Directors (or, if their number is not a multiple of three, then the number nearest to, but not less than, one-third) for the time being in office shall retire from office by rotation and every Director (including those appointed for a specific term) shall be subject to retirement by rotation at the AGM at least once every three years.

Attendance Record of Directors

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

5 Board meetings were convened by the Company during the year ended 31 December 2024. At least 14 days' notice before the date of the meeting is given for a regular Board meeting to allow all Directors to make arrangements to attend. For all other Board meetings, reasonable notices were also given.

The attendance of individual Directors at the Board meetings, meetings of Board committees, and general meetings held during the year ended 31 December 2024 is set out below:

	Number of meetings attended/Number of meetings held				
Director	General Meeting	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
Mr. Duan Shengli	1/1	4/5	—	—	1/1
Mr. Han Chao	1/1	5/5	—	2/2	—
Mr. Hu Xu	1/1	4/5 *(note)*	—	—	—
Mr. Sang Quan	1/1	4/5	—	—	—
Mr. Lin Wuchang	1/1	4/5	—	—	—
Mr. Peng Liaoyuan	1/1	4/5	7/7	—	1/1
Ms. Wen Yanhong	1/1	3/5 *(note)*	7/7	1/2 *(note)*	—
Mr. Dong Xinyi	1/1	4/5	7/7	2/2	1/1

Note: For good corporate governance, Mr. Hu Xu had withdrawn from one Board meeting during the Year due to potential conflict of interest; Ms. Wen Yanhong had withdrawn from one Board meeting and one Remuneration Committee meeting during the Year due to potential conflict of interest.

Directors' Training

Directors should participate in appropriate continuing professional development training to update their knowledge and skills. During the year ended 31 December 2024, all of the Directors of the Company have attended continuous professional development training sessions in compliance with code provision C.1.4 of the CG Code.

The following table lists the training records for each Director during the Year:

Director	Attend at training session conducted by legal advisers/ continuous professional development training sessions	Reading materials relating to regulatory updates and compliance matters
Mr. Duan Shengli	✓	✓
Mr. Han Chao	✓	✓
Mr. Hu Xu	✓	✓
Mr. Sang Quan	✓	✓
Mr. Lin Wuchang	✓	✓
Mr. Peng Liaoyuan	✓	✓
Ms. Wen Yanhong	✓	✓
Mr. Dong Xinyi	✓	✓

Joint Company Secretaries

Mr. Hu Xu and Mr. Cheng Ching Kit have been appointed as joint company secretaries of the Company. Biographical information of Mr. Hu Xu and Mr. Cheng Ching Kit is set out in the section headed "Directors and Senior Management" in this annual report. Mr. Cheng Ching Kit is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional corporate services provider, and assists Mr. Hu Xu in company secretarial affairs. The primary corporate contact person of Mr. Cheng Ching Kit at the Company is Mr. Hu Xu.

For the year ended 31 December 2024, Mr. Hu Xu and Mr. Cheng Ching Kit have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

Corporate Governance Functions

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

Risk Management and Internal Control

Duties of the Board and the Management

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

Risk Management

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

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

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

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

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

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

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

(Chart 1: Risk management workflow)

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

During the Year, the Board conducted a comprehensive review of the Group's risk management through the Audit Committee, with the help of external consultants, continued to deepen its risk management work, identified potential risks faced by the business, updated the main risks for 2024, and sorted out the countermeasures, set out the main department responsible for risk management and countermeasures and objectives for improvement, and reported the assessment results to the Audit Committee.

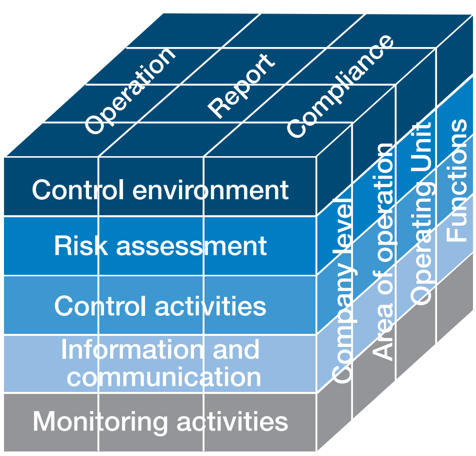
Internal Control

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

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

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

In 2024, the Company also conducted a review of the control process of internal control with the help of external consultants and proposed improvement measures to address the loopholes and weaknesses identified in the process. The management of the relevant departments of the Company then followed up the implementation in a timely manner to ensure that the improvement measures were implemented in a timely manner and reported the results of the internal control review and follow-up to the Audit Committee.



(Chart 2: COSO internal control management framework)

Internal Audit

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

Review of Risk Management and Internal Control Systems

During the Year, the Board, through the Audit Committee, conducted a comprehensive review of the Group's risk management and internal control systems, which included the commencement of the current year's material risk assessment and internal control review and examination of key business processes. The review covered the financial year ended 31 December 2024 and assessed and reviewed the key material control aspects, including financial controls, operational controls and compliance controls, taking into account changes in the nature and severity of major risks and the Group's ability to cope with changes in its business and changes in the external environment.

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

Having considered the findings of the risk management and internal control review, the Audit Committee and the Board are of the view that the risk management and internal control systems of the Group is adequate and effective during the Year.

Anti-fraud System

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

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

Framework for Disclosure of Inside Information

The Company has put in place a framework for the handling and disclosure of inside information in compliance with the Securities and Futures Ordinance (Ch. 571 of the Laws of Hong Kong) (the "**SFO**"). The framework sets out the procedures and internal controls, including but not limited to establishing controls for monitoring business and corporate developments and events so that any potential inside information is promptly identified and escalated, restricting access to inside information to a limited number of employees on a need-to-know basis, and ensuring employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality, for the handling and dissemination of inside information in a timely manner so as to allow all the shareholders and stakeholders to assess the latest position of the Group.

Audit Committee

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

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

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

During the year ended 31 December 2024, the Audit Committee held a total of 7 meetings. The number of meetings attended by each member is set out in the section headed "Attendance Record of Directors" above. The Audit Committee performed the following significant work, including reviewing the annual results and annual report for the year ended 31 December 2023, the interim results and interim report for the period ended 30 June 2024, reviewing the Group's compliance procedures, connected transactions, remuneration of the external auditor, discussing and reviewing the Company's resources, qualifications and experience of its staff and the training programmes and budget of its staff in respect of the accounting, internal audit and financial reporting functions, and confirmed that the foregoing are adequate. There was no disagreement between the Audit Committee and the Board on the selection of the Company's external auditor.

During the year ended 31 December 2024, the emolument of the Group's external auditor for the annual audit and review of the financial statements of the Company amounted to RMB4.7 million. The non-audit service was related to the review service of the interim financial report 2024, which amounted to approximately RMB1.9 million.

Remuneration Committee

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

- to make recommendations to the Board in respect of the remuneration policy and structure of the Directors and senior management of the Company and the establishment of formal and transparent procedures for developing such remuneration policy;
- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- to determine, with delegated responsibility from the Board, the specific remuneration packages of individual executive directors and senior management;
- to make recommendations to the Board on the remuneration of non-executive Directors;

- to review and approve payments to the executive Directors regarding compensation for their loss or termination of office or appointment, to ensure relevant terms of the contracts, and that the compensation is fair and not excessive for the Company;
- to review and approve the arrangements involved in the termination or dismissal of Directors due to misconduct, to ensure that those arrangements are determined according to the relevant terms of the contracts, and that the compensation is reasonable and appropriate; and
- to ensure that no Director or any of his associates is involved in deciding his/her own remuneration.

During the year ended 31 December 2024, the Remuneration Committee held 2 meetings. The number of meetings attended by each member is set out in the section headed "Attendance Record of Directors" above. The Remuneration Committee has reviewed the remuneration packages of the Directors and senior management, approved the terms of the appointment letters of the independent non-executive Directors.

Nomination Committee

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

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

During the year ended 31 December 2024, the Nomination Committee held 1 meeting. The number of meetings attended by each member is set out in the section headed "Attendance Record of Directors" above. The Nomination Committee has considered the structure, size and composition of the Board (including the skills, knowledge, experience and diversity aspects), made recommendations to the Board on the re-appointment of Directors, made recommendations to the Board on the Directors to be proposed for re-election at the annual general meeting, and assessed the independence of the independent non-executive Directors.

Remuneration of Directors

During the year ended 31 December 2024, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office, and none of the Directors had waived or agreed to waive any emoluments.

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

In accordance with code provision E.1.5 of the CG Code, the remuneration by band for senior management (excluding Directors) for the year ended 31 December 2024 is set out below:

Annual remuneration by band	Number of individuals
HK$1,000,001 to HK$2,000,000	1

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

Nomination Policy and Procedures

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

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

Board Diversity Policy

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

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

The Board currently consists of eight Directors, of whom one is female and seven are male, aged between 35 and 56. By reference to the qualifications, work experience and background of the Directors, the Board considers that it has achieved diversity in terms of gender, age, educational background, industry experience and professional experience. The Nomination Committee will monitor the implementation of the Board's diversity policy and all measurable objectives from time to time to ensure the effectiveness of the policy and make recommendations to the Board on any revision to the policy as and when necessary.

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

Staff Diversity

As of 31 December 2024, the gender balance of the Group's staff (including senior management) is set out below:

	As of 31 December 2024	
	Number of persons	Percentage of total staff
Male staff	57,702	60.6%
Female staff	37,469	39.4%

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

During the year ended 31 December 2024, the Board has not been made aware of any factor or circumstance that make it more challenging or less relevant for staff, including senior management, to achieve gender diversity.

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the Company's code of conduct for securities transactions by the Directors. The Company has made specific enquiry of all the Directors and they have confirmed that they have complied with the required standard as set out in the Model Code regarding securities transactions by them throughout the year ended 31 December 2024.

Directors' Responsibilities for the Financial Statements

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

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

The auditor's statement on its reporting responsibilities in respect of the Company's financial statements is set out in the Independent Auditor's Report on pages 68 to 76 of this annual report.

Dividend Policy

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

Relationship with Controlling Shareholders

On 19 November 2020, each of Mr. Hui Ka Yan, Xin Xin (BVI) Limited, China Evergrande Group, Anji (BVI) Limited, Shengjian (BVI) Limited and CEG Holdings (BVI) Limited (collectively referred to as the "**Undertaking Controlling Shareholders**") entered into a deed of non-competition in favor of the Company, details of which are set out in the section headed "Relationship with Controlling Shareholders - Deed of Non-Competition" in the prospectus of the Company dated 23 November 2020. To the best knowledge and belief of the Directors, each of the Undertaking Controlling Shareholders has complied with the Deed for the year ended 31 December 2024.

Constitutional Documents

During the year ended 31 December 2024, the Company has not amended its memorandum and articles of association. The latest versions of the relevant documents are available on the Company's website (www.evergrandeservice.com) and the website of the Stock Exchange (www.hkexnews.hk).

Shareholders' Rights

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

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

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

Right to Nominate Directors for Election at General Meetings

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

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

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

Disclaimers

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

Shareholder Communication Policy

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

During the year ended 31 December 2024, the Company carried out multi-channel communication and liaison with its shareholders and investors through various means, such as convening annual general meetings, corporate communications, publication of announcements on the websites of the Stock Exchange and the Company's website, and responding to shareholders' enquiries. Based on the above, the Board is of the view that the Company's shareholders' communication policy remained effective during the Year.

Investor Relations

Shareholders and investors may send written enquiries or requests to the Company by the following methods:

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

Report of the Directors

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

Principal Activities

The Company is one of the largest integrated property management service enterprises in the PRC. The Company is a full-service property management enterprise with a diversified management format, including residential properties, commercial properties, industrial parks, hospitals, schools, rail transit and city public services, etc. In addition to basic property management services, the Company also provides value-added services to its customers, such as community living services, asset management services and community operation services.

Business Review

General

A review of the business of the Group for the year ended 31 December 2024, discussion on the future development in the Group's business, description of possible business risks and uncertainties that the Group may be facing are provided in the Chairman's Statement on pages 6 to 13 and Management Discussion and Analysis on pages 14 to 25 of this annual report. An analysis of the Group's key financial performance indicators and its exposure to industry risk, business risk, foreign exchange risk, going concern risk and the risk of irrecoverable material losses is set out in the Management Discussion and Analysis on pages 14 to 25 of this annual report, while the Group's financial risk management objectives and policies are set out in Note 5 to the consolidated financial statements. Details of significant events affecting the Group since the end of the financial year ended 31 December 2024 are set out on page 66 of this annual report.

Compliance with Laws and Regulations

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

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

Environmental Policies and Performance

The Group is committed to the long-term sustainable development of the environment and communities in which it operates. The Group complies with applicable environmental protection laws and regulations for its business operations, and has implemented relevant environmental protection measures in compliance with applicable laws and regulations of PRC. Further details on the environmental policies and performance of the Group are set out in the Environmental, Social and Governance Report for the year ended 31 December 2024 to be published separately.

Relationship with Stakeholders

The Group recognises that employees, customers and business partners are keys to its sustainable development. We are committed to establishing a close and caring relationship with our employees, providing quality services to our customers and enhancing cooperation with our business partners for the long-term stable development of our business.

The Group is committed to creating a healthy and safe working environment with growth opportunities for its employees. We regularly develop comprehensive in-house employee training programs for our employees to enhance and improve their professional and service skills, and provide them with knowledge of industry quality standards and workplace safety standards. Further details are set out in the Management Discussion and Analysis on pages 14 to 25 of this annual report.

The Group is committed to developing good relationships with its suppliers as long-term business partners to ensure the stability of the Group's business. Through proactive and effective ongoing communication, regular monitoring and evaluation, we continue to strengthen the co-operative relationship with our suppliers and help them to enhance their sustainable development performance.

Customer satisfaction with our services and products has a profound effect on the Group's profitability. The Group creates safe, convenient, healthy and caring community environments for its customers by responding to their needs in a timely and effective manner through its butlers who are on call round-the-clock. The customer-centric culture has guided the Group to forge ahead and explore new ways to better serve its customers. For example, the Group actively listens to customer feedback and continuously improves its service design and processes. Meanwhile, through the implementation of a digital information platform, the Group facilitates online interactions between customers and butlers through the use of advanced information technology and smart technology, thereby enhancing customer experience, reducing reliance on manual labour and improving operational efficiency.

Financial Statements

The results of the Group for the year ended 31 December 2024 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 77.

The financial position of the Group as at 31 December 2024 is set out in the Consolidated Statement of Financial Position on pages 78 to 79.

The cash flows of the Group for the year ended 31 December 2024 are set out in the Consolidated Statement of Cash Flows on page 81.

Share Capital

Details of the movement in share capital of the Company during the Year are set out in Note 26 to the consolidated financial statements on page 150.

Dividends

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

Reserves

Details of movements in the reserves of the Company during the Year are set out in Note 27 to the financial statements on page 151.

As at 31 December 2024, the Company's reserve available for distribution amounted to approximately RMB547.5 million. No dividend was proposed for the year.

Property and Equipment

The movements in property and equipment during the Year are set out in Note 17 to the financial statements on pages 135 to 136.

Major Customers and Suppliers

For the year ended 31 December 2024, revenue from the Group's largest customer accounted for approximately 0.4% of the Group's total annual revenue and the Group's top five customers accounted for less than 20% of the Group's total annual revenue.

For the year ended 31 December 2024, the amount of purchases from the Group's largest supplier accounted for approximately 7.6% of the Group's total annual amount of purchases and the Group's top five suppliers accounted for less than 20% of the Group's total annual amount of purchases.

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

Directors

The Directors who held office during the year ended 31 December 2024 and up to the date of this annual report were:

Executive Directors

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

Non-executive Directors

Mr. Sang Quan
Mr. Lin Wuchang

Independent non-executive Directors

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

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

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

Permitted Indemnity Provisions

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

During the year ended 31 December 2024, the Group has purchased directors' liability insurance, which provides appropriate cover for the Directors. The permitted indemnity provision was in force during the year ended 31 December 2024 and remained in force as at the date of this annual report for the benefit of the Directors.

Management Contracts

During the year ended 31 December 2024, no management or administration contract concerning the management of the whole or substantial part of any business of the Company was entered into, or subsisted.

Directors' Service Contracts

On 19 November 2024, the Company renewed the letter of appointment with Ms. Wen Yanhong for a term of three years commencing from 19 November 2024 with no change in director's fee.

On 9 February 2025, the Company renewed the letter of appointment with Mr. Peng Liaoyuan for a term of three years commencing from 9 February 2025 with no change in director's fee.

As at the date of this report, save as disclosed above, the Company has entered into a service agreement with each of the executive and non-executive directors for a term of three years from the date of their appointment, which may be terminated by not less than three months' notice in writing given by one party to the other. The Company has entered into a letter of appointment with each of the independent non-executive directors for a term of three years from the date of their appointment, which may be terminated by not less than three months' notice in writing given by one party to the other.

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

Directors' Interests in Contracts

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

Directors' Interests in Competing Businesses

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

Share Option Scheme

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

The purpose of the Share Option Scheme is to enable the Company to grant options to selected eligible participants as incentives or rewards for their contribution or potential contribution to the Group. The Directors consider that the Share Option Scheme will serve to motivate the eligible participants to contribute to the Group's development. The Share Option Scheme, in the form of options to subscribe for Shares, will enable the Group to recruit, motivate and retain high-calibre staff. The Directors consider that it is in line with modern business practice to grant incentives to eligible participants of the Group (which shall include any full-time or part-time employee, executive, officer or director of the Group and any associated corporation of the Company, and any other person, consultant, expert adviser, agent, supplier or joint venture partner who, in the sole opinion of the Board, will make or has made a contribution to the Group) to align their interests and objectives with those of the Group.

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

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

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

When a copy of the offer document constituting the acceptance of the share option is duly signed by the grantee, and the Company receives a remittance of HK$1.00 from the grantee as the consideration for the grant of the share option, the share option shall be deemed to have been granted and accepted by the grantee.

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

At the beginning and end of the year ended 31 December 2024, the number of share options that could be granted pursuant to the authorized limit under the Share Option Scheme was 1,081,081,100 shares. There is no separate sub-limit for service providers established under the Share Option Scheme.

The Share Option Scheme shall be valid and effect for a period of 10 years commencing from the date of its adoption up to 9 May 2031. As at the date of this report, the remaining period of the Share Option Scheme is approximately 6 years and 1 month. During the year ended 31 December 2024 and up to the date of this report, no share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme and no share options are outstanding under the Share Option Scheme. Accordingly, the number of shares that may be issued in respect of the options granted under the Share Option Scheme during the year ended 31 December 2024 divided by the weighted average number of Shares in issue for the year ended 31 December 2024 was nil.

Share Award Scheme

The Company has not adopted any Share Award Scheme.

Equity-linked Agreement

Save for the Share Option Scheme, no equity-linked agreement was entered into by the Company during the year ended 31 December 2024 or subsisted at the end of the year.

Directors' Benefits from Rights to Acquire Shares or Debentures

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

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

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interest in the shares of the Company

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

Notes:

1. The calculation of the percentage is based on the total number of Shares in issue as at 31 December 2024.

2. All of the above interests are long positions.

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

Name of Director	Name of associated corporation	Capacity in which interests are held	Number of shares held	Approximate percentage of shareholding [(1)]
Mr. Duan Shengli	China Evergrande Group	Beneficial owner	10,000	0.00%
	China Evergrande New Energy Vehicle Group Limited	Beneficial owner	340,000	0.00%
Mr. Sang Quan	China Evergrande New Energy Vehicle Group Limited	Beneficial owner	55,500	0.00%

Notes:

1. The calculation of the percentage is based on the total number of shares in issue of the respective associated corporation as at 31 December 2024.

2. All of the above interests are long positions.

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

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

Notes:

1. The calculation of the percentage is based on the total number of shares in issue of the respective associated corporation as at 31 December 2024.

2. All of the above interests are long positions.

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

Interests and Short Positions of Substantial Shareholders

So far as is known to any Director or chief executive of the Company, as at 31 December 2024, the following persons had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of the SFO or were otherwise notified to the Company and the Stock Exchange:

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

Notes:

1. The disclosure of the number of such Shares held is made in accordance with the latest reported disclosure of interest notice as of 31 December 2024.

2. The calculation of the percentage is based on the total number of Shares in issue as at 31 December 2024.

3. According to the disclosure of interest notice dated 16 December 2022 last filed by Mr. Hui Ka Yan ("**Mr. Hui**"), Xin Xin (BVI) Limited and China Evergrande Group in respect of their interests as at 14 December 2022, of the 5,590,229,000 Shares, 5,383,074,000 Shares were directly held by CEG Holdings (BVI) Limited and 207,155,000 Shares were directly held by China Evergrande Group. CEG Holdings (BVI) Limited is directly owned as to 50% by China Evergrande Group and 50% by Shengjian (BVI) Limited. Shengjian (BVI) Limited is wholly-owned by Anji (BVI) Limited, which in turn is wholly-owned by China Evergrande Group. Xin Xin (BVI) Limited is a company wholly-owned by Mr. Hui and a direct controlling shareholder of China Evergrande Group. By virtue of the SFO, Mr. Hui and Xin Xin (BVI) Limited are deemed to be interested in the Shares of the Company in which China Evergrande Group is interested and China Evergrande Group, Anji (BVI) Limited and Shengjian (BVI) Limited are deemed to be interested in the Shares of the Company held by CEG Holdings (BVI) Limited.

4. According to the announcement of China Evergrande Group dated 13 September 2024 (the "**Announcement**"), CEG Holdings (BVI) Limited, a direct wholly-owned subsidiary of China Evergrande Group, is interested in 5,368,074,000 Shares of the Company as at the date of the Announcement (representing approximately 49.65% of the total number of issued Shares). By virtue of the SFO, Mr. Hui, Xin Xin (BVI) Limited and China Evergrande Group are deemed to be interested in the Shares in the Company held by CEG Holdings (BVI) Limited.

5. All of the above interests are long positions.

Subsidiaries

Details of the Company's principal subsidiaries at 31 December 2024 are set out in Note 38 to the financial statements on pages 165 to 167.

Performance guarantee

During the year ended 31 December 2024, the Group's income from compensation of non-fulfilment of performance guarantee was approximately RMB87.5 million. Among them, Ningbo Yatai Hotel Property Services Co., Ltd. deducted the consideration of approximately RMB72.2 million pursuant to the share transfer agreement as its net assets did not reach the agreed amount. Other acquired subsidiaries deducted consideration of approximately RMB15.3 million pursuant to the relevant agreements on share transfer.

Continuing Connected Transactions

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

1. Car Parking Space Leasing

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

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

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

For the year ended 31 December 2024, the aggregate transaction amount under the 2023 Master Car Parking Space Leasing Agreement was approximately RMB182.7 million, which has not exceeded the 2024 annual cap of RMB488.4 million.

2. Property Management and Related Services

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

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

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

For the year ended 31 December 2024, the aggregate transaction amount under the 2023 Master Property Management and Related Services Agreement was approximately RMB80.9 million, which has not exceeded the 2024 annual cap of RMB457.5 million.

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

Confirmations

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

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

2. on normal commercial terms or better; and

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

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

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

1. have not been approved by the Board;

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

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

4. have exceeded the relevant annual caps.

Related Party Transactions

Details of the related party transactions of the Group for the year ended 31 December 2024 are disclosed in Note 35 to the consolidated financial statements of the Group. Save as disclosed above, during the year ended 31 December 2024, none of the related party transactions constituted a connected transaction or continuing connected transaction subject to independent Shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules.

Controlling Shareholders' Interests in Contracts of Significance

Saved as disclosed in this annual report, neither the Company nor any of its subsidiaries entered into any significant contracts with the controlling shareholders of the Company or any of its subsidiaries for the year ended 31 December 2024.

Employee and Remuneration Policy

As at 31 December 2024, the Group employed a total of 95,171 employees. The Group recruits and promotes individuals based on merit and their development potentials. Remuneration package offered to all employees including Directors is determined with reference to their performance and the prevailing salary levels in the market.

Commitments

Details of commitments are set out in Note 32 to the financial statements on page 157.

Independence Confirmation

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

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance. Further information on the Company's corporate governance practices is set out in the Corporate Governance Report on pages 30 to 50.

Foreign Exchange Risks

Details of the foreign exchange risks are set out in Note 5.1.1(i) to the financial statements on page 111.

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

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sales or transfer of treasury shares).

As of 31 December 2024, the Company did not hold any treasury shares.

Disclosure Pursuant to Rule 13.20 of the Listing Rules

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

Events after the Reporting Period

Save as disclosed below, there have been no other material subsequent events that have occurred to the Group after 31 December 2024 and up to the date of this report.

Legal proceedings

In relation to the enforcement of the Group's deposit pledge of approximately RMB13.4 billion by the relevant bank, the wholly-owned subsidiaries of the Company have filed the relevant proceedings with the Guangzhou Intermediate People's Court of Guangdong Province, the PRC and obtained judgements from the court that the China Evergrande Group and the relevant liable parties (other than Guangzhou Xinyuan) are required to repay the amount of the deposit pledge together with the loss of interest and bear the handling costs of the cases. There are material uncertainties as to the amount of the aforesaid amount that could be recovered by the Group and the Board does not expect that the proceedings will have any material impact on the daily business operations of the Group. As of the date of this report, the judgments of Evergrande Hengkang RMB1.7 billion Proceeding and Evergrande Hengkang RMB1 billion Proceeding have become effective and the remaining cases are still subject to appeal. Please refer to the announcements of the Company dated 15 February 2023, 28 November 2023, 26 January 2024 and 10 January 2025 for details of the above matters.

Financial Summary

A summary of the results, assets and liabilities of the Group for the past five years is set out on page 168.

Pre-emptive Rights

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

Tax Relief

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

Sufficiency of Public Float

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

Auditors

On 16 January 2023, PricewaterhouseCoopers ("**PwC**") resigned as auditor of the Company upon the recommendation of the Company. On the same day, the Board appointed Prism Hong Kong Limited ("**Prism**", formerly known as Prism Hong Kong and Shanghai Limited) as the new auditor of the Company to fill the casual vacancy following the resignation of PwC. For details, please refer to the announcement of the Company dated 16 January 2023 in relation to the change of auditor. There has been no change in auditors since then. The consolidated financial statements of the Company for the year ended 31 December 2024 have been audited by Prism, Certified Public Accountants, who shall retire and, being eligible, have offered themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution will be proposed at the forthcoming annual general meeting for the re-appointment of Prism as auditor of the Company.

On behalf of the Board
Duan Shengli
Chairman

Hong Kong, 31 March 2025

Independent Auditor's Report

TO THE SHAREHOLDERS OF EVERGRANDE PROPERTY SERVICES GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Evergrande Property Services Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 77 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 (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw your attention to Note 2 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. As at 31 December 2024, the Group had net current liabilities of approximately RMB968,619,000 (as at 31 December 2023: approximately RMB1,907,269,000) as of that date. These conditions, together with the other matters set out in Note 2 to the consolidated financial statements, indicate that there are material uncertainties that may affect the Group's ability to continue as a going concern. The Group is implementing various measures to improve its liquidity. On the basis that all these measures can be successfully implemented, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as they fall due and accordingly, the consolidated financial statements have been prepared on a going concern basis. In respect of this matter, our opinion has not been modified.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
1. Impairment assessment of trade and other receivables	
Refer to Note 21 to the consolidated financial statement and accounting policies on pages 97 to 98. As at 31 December 2024, the carrying amount of trade and other receivables was RMB3,152,306,000 and credit losses allowance of RMB130,890,000 was recognised in profit or loss for the year ended 31 December 2024.	Our procedures in relation to the management's judgements and estimates used in the expected credit losses assessment of trade and other receivables included: — Understand the Group's internal controls and evaluation procedures for expected credit losses on trade and other receivables, and assess the inherent risks of material misstatement based on the level of estimation uncertainty and other inherent risk factors, such as complexity and subjectivity;

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

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

Key audit matter	How our audit addressed the key audit matter
2. Impairment assessment of goodwill, property management contracts and customer relationships	
Refer to Note 18 to the consolidated financial statements and accounting policies on pages 94 to 95. As at 31 December 2024, the Group's goodwill, property management contracts and customer relationships were RMB957,387,000 and RMB527,171,000 respectively. As disclosed in Note 18 to the consolidated financial statements, management assesses impairment of goodwill, property management contracts and customer relationships by estimating the recoverable amounts of the cash-generating units to which goodwill, property management contracts and customer relationships have been allocated. The value-in-use calculations require the Group to estimate the expected future cash flows of the cash-generating units, long-term growth rates and suitable discount rates. The Group engages an independent valuers to assist in the estimation. The key estimates involved in preparing the expected future cash flows include (i) expected growth rates of revenue; (ii) terminal growth rates; and (iii) pre-tax discount rates. We have identified impairment of goodwill, property management contracts and customer relationships as a key audit matter due to the overall significance of the balances to the consolidated financial statements, and the significant degree of estimation made by the Group for the recoverable amounts of the cash-generating units allocated to the goodwill, property management contracts and customer relationships.	Our procedures in relation to the managements judgements and estimates used in the impairment assessment of goodwill, property management contracts and customer relationships included: — Understand and evaluate over the impairment assessment of goodwill, property management contracts and customer relationships, and assess the inherent risks of material misstatements based on the degree of estimation uncertainty and level of other factors, such as complexity, subjectivity, change and susceptibility to management bias or fraud; — Evaluate the competency, capabilities and objectivity of the external valuer; — Challenge and evaluate the reasonableness of the key assumptions and input adopted by management through: (i) Evaluate the accuracy of historical cash flow forecasts, for example, comparing forecasts used last year with actual business performance in the current year; (ii) Evaluate the reasonableness of the key assumptions used in the cash flow forecasts, including expected growth rates of revenue by comparing with historical financial data and approved budgets; (iii) for terminal growth rates, we evaluate them with reference to long-term expected inflation rates based on our independent research; and (iv) Evaluate the pre-tax discount rate with reference to comparable listed companies based on our industry knowledge and independent research;

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

OTHER INFORMATION CONTAINED IN THE ANNUAL REPORT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine 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
31 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		For the year ended 31 December	
	Notes	**2024 RMB'000**	2023 RMB'000
Revenue	8	**12,756,687**	12,486,544
Cost of sales		**(10,313,250)**	(9,378,096)
Gross profit		**2,443,437**	3,108,448
Other income	9	**185,275**	206,650
Other losses	10	**(48,222)**	(151,294)
Impairment losses on financial assets, net		**(130,890)**	(140,172)
Fair value losses on investment properties		**(43)**	(2,433)
Administrative and marketing expenses		**(975,422)**	(909,429)
Operating profit		**1,474,135**	2,111,770
Fair value gains on financial liabilities at fair value through profit or loss		**2,753**	48,455
Finance costs	13	**(69,536)**	(54,768)
Profit before income tax		**1,407,352**	2,105,457
Income tax expenses	14	**(375,327)**	(541,645)
Profit for the year		**1,032,025**	1,563,812
Profit attributable to:			
– Owners of the Company		**1,020,987**	1,541,199
– Non-controlling interests		**11,038**	22,613
		1,032,025	1,563,812
Other comprehensive income			
Item that maybe reclassified subsequently to profit or loss:			
Exchange difference arising on translation of financial statements of foreign operations		**1,197**	518
Total comprehensive income for the year		**1,033,222**	1,564,330
Total comprehensive income attributable to:			
– Owners of the Company		**1,022,184**	1,541,717
– Non-controlling interests		**11,038**	22,613
		1,033,222	1,564,330
Earnings per share			
– Basic and diluted	15	**RMB0.09**	RMB0.14

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

Consolidated Statement of Financial Position

	Notes	AT 31 DECEMBER 2024 RMB'000	2023 RMB'000
Assets			
Non-current assets			
Property and equipment	17	**67,908**	58,643
Right-of-use assets	29	**22,860**	28,507
Intangible assets	18	**1,498,280**	1,646,599
Investment properties	19	**5,177**	5,220
Investments accounted for using equity method	20	**52,526**	39,615
Deferred tax assets	30	**509,045**	498,164
Total non-current assets		**2,155,796**	2,276,748
Current assets			
Trade and other receivables	21	**3,152,306**	3,508,637
Prepayments	22	**59,519**	31,495
Inventories	23	**4,624**	2,365
Financial assets at fair value through profit or loss		**503,180**	420,654
Restricted cash	25	**137,549**	125,667
Cash and cash equivalents	24	**2,697,369**	1,880,850
Total current assets		**6,554,547**	5,969,668
Total assets		**8,710,343**	8,246,416
Equity			
Share capital	26	**7,060**	7,060
Reserves	27	**(5,969,520)**	(6,082,397)
Retained earnings		**6,517,066**	5,607,762
Equity attributable to owners of the Company		**554,606**	(467,575)
Non-controlling interests	34	**422,568**	486,786
Total equity		**977,174**	19,211

		AT 31 DECEMBER	
		2024	2023
	Notes	RMB'000	RMB'000
Liabilities			
Non-current liabilities			
Other payables	33	**75,053**	177,852
Lease liabilities	29	**11,008**	18,181
Contingent consideration payables	33	**–**	2,753
Deferred tax liabilities	30	**123,942**	151,482
Total non-current liabilities		**210,003**	350,268
Current liabilities			
Contract liabilities	8	**2,755,007**	2,649,350
Trade and other payables	28	**4,222,898**	3,937,708
Current tax liabilities		**461,143**	1,187,544
Lease liabilities	29	**84,118**	102,335
Total current liabilities		**7,523,166**	7,876,937
Total liabilities		**7,733,169**	8,227,205
Total equity and liabilities		**8,710,343**	8,246,416

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

The consolidated financial statements on pages 77 to 167 were approved by the Board of Directors on 31 March 2025 and were signed on its behalf by:

Duan Shengli	**Han Chao**
Director	*Director*

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company					
	Share Capital RMB'000	Reserves RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non controlling interest RMB'000	Total RMB'000
Balance at 31 December 2022	7,060	(6,305,377)	4,290,073	(2,008,244)	495,479	(1,512,765)
Balance at 1 January 2023	7,060	(6,305,377)	4,290,073	(2,008,244)	495,479	(1,512,765)
Profit for the year	–	–	1,541,199	1,541,199	22,613	1,563,812
Currency translation differences	–	518	–	518	–	518
	–	518	1,541,199	1,541,717	22,613	1,564,330
Transactions with owners of the Company						
Capital injection from non-controlling interest	–	–	–	–	7,700	7,700
Dividend distributed to non-controlling interest	–	–	–	–	(39,006)	(39,006)
Transfer to statutory reserve	–	223,510	(223,510)	–	–	–
Others	–	(1,048)	–	(1,048)	–	(1,048)
Balance at 31 December 2023	7,060	(6,082,397)	5,607,762	(467,575)	486,786	19,211
Balance at 1 January 2024	7,060	(6,082,397)	5,607,762	(467,575)	486,786	19,211
Profit for the year	–	–	1,020,987	1,020,987	11,038	1,032,025
Currency translation differences	–	1,197	–	1,197	–	1,197
	–	1,197	1,020,987	1,022,184	11,038	1,033,222
Transactions with owners of the Company						
Capital injection from non-controlling interest	–	–	–	–	1,254	1,254
Dividend distributed to non-controlling interest	–	–	–	–	(60,816)	(60,816)
Acquisition of additional interests in non-wholly owned subsidiaries	–	–	–	–	(15,694)	(15,694)
Transfer to statutory reserve	–	111,683	(111,683)	–	–	–
Others	–	(3)	–	(3)	–	(3)
Balance at 31 December 2024	7,060	(5,969,520)	6,517,066	554,606	422,568	977,174

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

Consolidated Statement of Cash Flows

	Notes	For the year ended 31 December 2024 RMB'000	2023 RMB'000
Cash flows of operating activities			
Net cash generated from operation	31	**2,264,742**	1,435,912
The People's Republic of china (the "PRC") enterprises income tax paid		**(1,140,149)**	(114,291)
Net cash from operating activities		**1,124,593**	1,321,621
Cash flows of investing activities			
Purchases of property and equipment	17	**(34,441)**	(31,027)
Proceeds from disposal of property and equipment		**2,206**	3,640
Purchases of intangible assets		**(4,489)**	(5,473)
Net payments for consideration payables for acquisition of subsidiaries in prior years		**(93,062)**	(176,831)
Proceeds from disposal of joint ventures		**–**	844
Capital injection into associates		**(10,862)**	(2,600)
Purchases of financial assets at fair value through profit or loss		**(1,280,000)**	(783,712)
Proceeds from disposal of financial assets at fair value through profit or loss		**1,197,474**	366,238
Dividend income from associates		**5,939**	3,294
Dividend income from investment at fair value through profit or loss		**–**	324
Interest received		**16,573**	16,228
Net cash used in investing activities		**(200,662)**	(609,075)
Cash flows of financing activities			
Repayments of borrowings		**–**	(249,700)
Principal portion of lease payments		**(38,878)**	(100,207)
Capital injection from non-controlling interest		**1,254**	7,700
Dividend distributed to non-controlling interest		**(60,816)**	(39,006)
Interest paid		**–**	(10,869)
Interest paid on lease liabilities		**(10,169)**	(8,111)
Net cash used in financing activities		**(108,609)**	(400,193)
Net increase in cash and cash equivalents		**815,322**	312,353
Cash and cash equivalents at beginning of year		**1,880,850**	1,567,979
Exchange gains on cash and cash equivalents		**1,197**	518
Cash and cash equivalents at end of year		**2,697,369**	1,880,850

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

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

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

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

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

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

2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

(i) Compliance with HKFRS Accounting Standards and Hong Kong Companies Ordinance

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and disclosure requirements of the Hong Kong Companies Ordinance Cap.622.

(ii) Historical cost convention

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

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

2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

(iii) Going concern assumptions

As at 31 December 2024, the net current liabilities of the Group amounted to approximately RMB968,619,000 (as at 31 December 2023: approximately RMB1,907,269,000). The above matters indicated that the Group would need to secure a substantial amount of funds in the foreseeable future to finance these financial obligations under various contractual and other arrangements.

In view of the above circumstances, the directors of the Company have reviewed the Group's cash flow projections, which cover a period of not less than twelve months from 31 December 2024. The directors are of the opinion that, taking into account the following actions taken during the year ended 31 December 2024 and measures to be taken, the Group will have sufficient working capital to meet its financial obligations up to 31 December 2025.

- The Group has reached agreements with certain creditors on not demanding immediate repayment of the liabilities when they fall due for the next twelve months from 31 December 2024;
- The Group has been actively negotiating with the creditors on consideration payable for business combinations to revise the repayment plan; and
- The directors of the Company has implemented and will continue to further implement cost control in operating and other expenses, as well as to increase market expansion and promote innovative business development, in order to improve the operating and financial position of the Group.

On the basis that all these measures can be implemented successfully, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as they fall due and accordingly the consolidated financial statements for the year ended 31 December 2024 has been prepared on a going concern basis.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the assets to their net recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2024.

3 APPLICATION OF NEW AND AMENDMENTS TO THE HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

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

3.1 Impacts on application of Amendments to HKFRS 16 Lease Liability in a Sale and Leaseback

The Group has applied the amendments for the first time in the current year.

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of HKFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require a seller-lessee to determine "lease payments" or "revised lease payments" such that the seller-lessee would not recognise a gain or loss that relates to the right of use retained by the seller-lessee. The amendments also clarify that applying the requirements does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to subsequent partial or full termination of a lease.

According to the transitional provisions, the Group has applied the new accounting policy retrospectively to the sale and leaseback transactions entered into by the Group as the seller-lessee after the initial application of HKFRS 16. The application of the amendments has no material impact on the Group's financial position and performance.

3 APPLICATION OF NEW AND AMENDMENTS TO THE HKFRS ACCOUNTING STANDARDS (continued)

3.2 Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from the reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

For rights to defer settlement for at least twelve months from the reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

3 APPLICATION OF NEW AND AMENDMENTS TO THE HKFRS ACCOUNTING STANDARDS (continued)

3.2 Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments") (continued)

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

3.3 Impacts on application of Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements

The Group has applied the amendments for the first time in the current year.

The amendments add a disclosure objective to HKAS 7 Statement of Cash Flows stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows.

In addition, HKFRS 7 Financial Instruments: Disclosures was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by HKAS 7:44 (b)(ii) and (b)(iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments.

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

3 APPLICATION OF NEW AND AMENDMENTS TO THE HKFRS ACCOUNTING STANDARDS (continued)

3.3 Impacts on application of Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements (continued)

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

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

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

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

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

3 Effective for annual periods beginning on or after 1 January 2026.

4 Effective for annual periods beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of all other new and amendments to HKFRS accounting standards will have no material impact on the consolidated financial statements in the foreseeable future.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

4.1 Principles of consolidation and equity accounting

4.1.1 Subsidiaries

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

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

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

4.1.2 Associates

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

4.1.3 Joint arrangements

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

Joint ventures

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 Principles of consolidation and equity accounting (continued)

4.1.4 Equity method

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

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

4.1.5 Changes in ownership interests in subsidiaries without change of control

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.2 Business combination

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

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

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

Acquisition-related costs are expensed as incurred.

The excess of the:

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.2 Business combination (continued)

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

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

4.3 Separate financial statements

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

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

4.4 Segment reporting

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

4.5 Foreign currency translation

(a) Functional and presentation currency

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

4.5 Foreign currency translation (continued)

(b) *Transactions and balances*

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

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

(c) *Group entities*

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

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

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

4.6 Property and equipment

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.6 Property and equipment (continued)

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

— Owned properties	20 years
— Machinery	3-10 years
— Vehicles	4 years
— Furniture, fitting and equipment	5 years

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

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

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

4.7 Investment properties

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.7 Investment properties (continued)

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

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

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

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

4.8 Intangible assets

(a) Goodwill

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.8 Intangible assets (continued)

(b) Property management contracts and customer relationships

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

(c) Computer software

Acquired computer software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 2 to 10 years on a straight-line basis.

4.9 Impairment of non-financial assets

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.10 Investments and other financial assets

4.10.1 Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to present subsequent changes in fair value through other comprehensive income.

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

4.10.2 Recognition and derecognition

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.10 Investments and other financial assets (continued)

4.10.3 Measurement

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

Debt instruments

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

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

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains or losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

Equity instruments

The group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

4.10.4 Impairment

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.10 Investments and other financial assets (continued)

4.10.4 Impairment (continued)

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

4.11 Offsetting financial instruments

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

4.12 Interest income

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

4.13 Trade receivables

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

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

4.14 Cash and cash equivalents

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

4.15 Share capital

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

4.16 Trade and other payables

These amounts represent liabilities for goods or services provided to the Group prior to the end of the financial year which are unpaid. These amounts are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities.

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

4.17 Borrowings

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.18 Borrowing costs

All borrowing costs are expensed in the period in which they are incurred.

4.19 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.19 Current and deferred income tax (continued)

(b) *Deferred income tax* (continued)

Deferred tax liabilities and assets are not recognised for temporary difference between the carrying amount and tax bases of investments in foreign operations where the Company is able to control timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to item recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

4.20 Employee benefits

(a) *Pension obligations*

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.20 Employee benefits (continued)

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

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

(c) Termination benefits

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

(d) Short-term obligations

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.21 Provisions

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

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

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

4.22 Revenue recognition

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.22 Revenue recognition (continued)

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

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

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

Principal versus agent

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.22 Revenue recognition (continued)

Property management services

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

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

Community living services

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.22 Revenue recognition (continued)

Asset management services

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

Community operation services

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.22 Revenue recognition (continued)

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

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

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

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

4.23 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.23 Earnings per share (continued)

(b) Diluted earnings per share

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

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

4.24 Leases

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

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

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

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

4.24 Leases (continued)

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

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.25 Dividend distribution

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

4.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

4.27 Inventories

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

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

5.1.1 Market risk

(i) Foreign exchange risk

The Group's normal operating activities are principally conducted in RMB since most of the operating entities are based in the PRC. The foreign exchange risk mainly arises from monetary assets of certain subsidiaries denominated in foreign currencies other than their functional currencies. The Group's foreign currency denominated monetary assets at the consolidated statement of financial position as at the years ended 31 December 2024 and 2023 are as follows:

Monetary assets	2024 RMB'000	2023 RMB'000
– HK$	**34,920**	41,554
– US$	**57**	844
	34,977	42,398

As at 31 December 2024 and 2023, if RMB had strengthened/weakened by 5% against the relevant foreign currencies with all other variables held constant, post-tax profit for the years ended 31 December 2024 and 2023 would have been approximately RMB1,312,000 and RMB1,590,000 higher /lower, respectively.

(ii) Cash flow interest rate risk

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

As at 31 December 2024 and 2023, if the interest rate on cash at banks and restricted cash had increased/decreased by 0.5% with all other variables held constant, the Group's post-tax profits for the year would have been RMB10,619,000 higher/lower and RMB7,508,000 higher/lower respectively, as a result of the increase/decrease in interests derived from cash at banks at variable rates.

5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

5.1.2 Credit risk

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

(i) Risk management

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

(ii) Impairment

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

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

5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

5.1.2 Credit risk (continued)

(ii) Impairment (continued)

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

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

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

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

5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

5.1.2 Credit risk (continued)

(ii) Impairment (continued)

Cash deposits at banks

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

Trade receivables

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

As of 31 December 2024 and 2023, the loss allowance provision for the trade receivables from third parties was determined as follows, respectively. The expected credit losses below also incorporated forward looking information.

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Trade receivables from third parties							
At 31 December 2024							
Expected loss rate	4.46%	21.91%	35.90%	62.60%	90.00%	100.00%	
Gross carrying amount (RMB'000)	1,733,307	647,984	431,064	354,225	136,503	54,576	3,357,659
Loss allowance provision (RMB'000)	77,383	142,005	154,743	221,760	122,853	54,576	773,320

(ii) *Impairment (continued)*

Trade receivables (continued)

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

As at 31 December 2024 and 2023, the Group used external data method to assess the ECL of receivables from related parties which are mainly property developers. The ECL rate was 99% (2023: 99%) for the trade receivables from related parties. The loss allowance provision as at 31 December 2024 was RMB2,203,003,000 (2023: RMB2,251,242,000).

As at 31 December 2024 and 2023, the ECL of third parties was assessed based on the aging profiles. The loss allowance provision therefore was included in the table above.

Other receivables

The Group uses the expected credit loss model above to determine the expected loss provision for other receivables. As at 31 December 2024 and 2023, the Group has assessed the expected credit losses for other receivables for each category.

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

5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

5.1.2 Credit risk (continued)

(ii) Impairment (continued)

As at 31 December 2024 and 2023, the loss allowance provision for trade and other receivables reconciles to the opening loss allowance for that provision as follows:

	Trade receivables		Other receivables	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	77,357	2,732,667	77,363	2,887,387
(Reversal of) impairment losses on financial assets	(77,357)	140,213	77,316	140,172
At 31 December 2023	–	2,872,880	154,679	3,027,559
Impairment losses (reversal of impairment losses) on financial assets	–	144,802	(13,912)	130,890
Write-offs	–	(41,359)	–	(41,359)
At 31 December 2024	**–**	**2,976,323**	**140,767**	**3,117,090**

5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

5.1.3 Liquidity risk

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

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2024					
Lease liabilities	**85,714**	**5,050**	**5,360**	**2,216**	**98,340**
Trade and other payables (excluding accrued payroll liabilities and other tax payables)	**3,636,161**	**75,053**	**–**	**–**	**3,711,214**
	3,721,875	**80,103**	**5,360**	**2,216**	**3,809,554**

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

5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

5.1.4 Fair value measurement of financial instruments

(a) Fair value hierarchy

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

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2024				
Financial Assets				
Financial assets at fair value through profit or loss ("**FVTPL**")	**–**	**–**	**503,180**	**503,180**
At 31 December 2023				
Financial Assets				
Financial assets at fair value through profit or loss ("**FVTPL**")	–	–	420,654	420,654
Financial Liabilities				
Contingent consideration payables	–	–	2,753	2,753

5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

5.1.4 Fair value measurement of financial instruments (continued)

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

Financial assets/ financial liabilities	Fair value as at 31 December 2024 RMB'000	Fair value as at 31 December 2023 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Financial assets					
Wealth management products	500,000	417,474	Level 3	Quote provided by financial institutes in Mainland China with reference to the net asset values of the underlying investments	N/A as quantitative unobservable inputs are not developed by the Group.
Unlisted entity investment	3,180	3,180	Level 3	Adjusted net asset value method.	Discount factor of lack of marketability: 20% (2023: 20%). The higher the discount factor, the lower the fair value.
Financial liabilities					
Contingent consideration payables	–	2,753	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration, based on an appropriate discount rate.	Discount rate: 6.65% (2023: 6.65%). The higher the discount rate, the lower the fair value.

5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

5.1.4 Fair value measurement of financial instruments (continued)

(c) *The following table presents the changes in level 3 financial instruments for the years ended 31 December 2024 and 2023:*

	Financial Assets		Financial Liabilties
	Wealth management products RMB'000	Unlisted entity investment RMB'000	Contingent consideration payables RMB'000
At 1 January 2023	–	3,180	51,208
Additions	783,712	–	–
Fair value change recognised in profit or loss	–	–	(48,455)
Disposal	(366,238)	–	–
At 31 December 2023	417,474	3,180	2,753
Additions	**1,280,000**	**–**	**–**
Fair value change recognised in profit or loss	**–**	**–**	**(2,753)**
Disposal	**(1,197,474)**	**–**	**–**
At 31 December 2024	**500,000**	**3,180**	**–**

5.2 Capital management

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

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

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Expected credit losses on receivables

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

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

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

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

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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

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

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

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

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(d) Current and deferred taxation

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

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

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

7. SEGMENT INFORMATION

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

During the years ended 31 December 2024 and 2023, the Group was principally engaged in the provision of property management services, community living services, asset management services and community operation services in the PRC. Management reviews the operating results of the business as a single operating segment as the nature of services, the type of customers for services, the method used to provide their services and the nature of regulatory environment is the same in different regions.

The principal operating entities of the Group are domiciled in the PRC and the majority of revenue was derived from the PRC during the years ended 31 December 2024 and 2023.

As at 31 December 2024 and 2023, the majority of the non-current assets of the Group were located in the PRC.

8. REVENUE

Revenue mainly comprises of proceeds from property management services, community living services, asset management services and community operation services. An analysis of the Group's revenue by category for the years ended 31 December 2024 and 2023 is as follows:

	2024 **RMB'000**	2023 RMB'000
Property management services		
– Basic property management services	**10,591,066**	10,227,388
– Value-added services to non-property owners	**97,615**	91,130
	10,688,681	10,318,518
Community living services	**910,983**	809,252
Asset management services	**776,780**	740,369
Community operation services	**380,243**	618,405
	12,756,687	12,486,544
Timing of revenue recognition		
– Over time	**11,953,432**	11,779,227
– At a point in time	**803,255**	707,317
	12,756,687	12,486,544
Type of customers		
– Related parties (Note 35)	**86,806**	113,712
– Third parties	**12,669,881**	12,372,832
	12,756,687	12,486,544

For the years ended 31 December 2024 and 2023, revenue from the services provided by the Group to the fellow subsidiaries and joint ventures of China Evergrande Group, contributed 0.7% and 0.9% of the Group's revenue, respectively.

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the years ended 31 December 2024 and 2023.

8. REVENUE (continued)

(a) Contract liabilities

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

	At 31 December		At 1 January
	2024	2023	2023
	RMB'000	RMB'000	RMB'000
Contract liabilities			
– Basic property management services	**2,680,232**	2,582,650	2,654,505
– Community living services	**19,034**	13,535	9,918
– Asset management services	**16,283**	19,072	6,043
– Community operation services	**39,458**	34,093	17,563
	2,755,007	2,649,350	2,688,029

ii. Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2024	2023
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
– Basic property management services	**2,329,292**	2,330,815
– Community living services	**13,535**	9,918
– Asset management services	**19,072**	6,043
– Community operation services	**34,093**	17,563
	2,395,992	2,364,339

8. REVENUE (continued)

(b) Unsatisfied performance obligations

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

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

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

During the years ended 31 December 2024 and 2023, there were no significant incremental costs incurred to obtain a contract.

9. OTHER INCOME

	2024 RMB'000	2023 RMB'000 (Re-presented)
Government grants (Note (a))	**47,807**	92,216
Income from compensation of non-fulfilment of performance guarantee (Note (b))	**87,474**	29,216
Income from overdue fine	**3,255**	5,286
Interest income	**16,573**	16,228
Share of profits in associates	**10,519**	8,621
Write-off of payables	**13,579**	26,344
Others	**6,068**	28,739
	185,275	206,650

Notes:

(a) Government grants mainly comprise of financial subsidies from government organisations, tax deductions for employing retired solders and priority groups, subsidies for value-added tax and other tax incentives policy, and refunds of paid unemployment insurance. There are no outstanding conditions or contingencies attached to the grants.

(b) As some of the acquired target companies failed to complete the performance guarantee, the consideration payment of approximately RMB87,474,000 (2023: approximately RMB29,216,000) should be deducted and recognised as other income for the year in accordance with the terms of the Equity Transfer Agreement and the Supplemental Agreement.

10. OTHER LOSSES

	2024 RMB'000	2023 RMB'000
Foreign exchange losses/(gains)	**196**	(213)
Impairment loss on goodwill	**41,283**	145,602
Impairment loss on other intangible assets	**6,743**	5,736
Loss on disposal of investment properties	**–**	169
	48,222	151,294

11. EXPENSES BY NATURE

	2024 RMB'000	2023 RMB'000
Employee benefit expenses (Note 12)	**6,072,132**	5,627,747
Greening and cleaning expenses	**1,925,499**	1,756,609
Maintenance costs	**887,730**	790,811
Utilities	**632,778**	539,045
Short-term and low value lease expenses	**245,964**	169,421
Tax and other levies	**82,757**	58,658
Office expenses	**120,417**	92,899
Travelling and entertainment expenses	**70,319**	58,923
Costs of security	**65,029**	54,553
Depreciation and amortisation charges	**146,821**	222,470
Community activities expenses	**118,009**	51,661
Bank charges	**29,896**	25,521
Uniform costs	**17,950**	14,792
Auditors' remuneration	**4,650**	4,850
Service fees	**162,422**	167,533
Professional fees	**110,766**	64,185
Penalties and overdue payments	**59,869**	147,160
Costs of goods sold	**458,557**	387,814
Others	**77,107**	52,873
	11,288,672	10,287,525

12. EMPLOYEE BENEFIT EXPENSES

	2024 RMB'000	2023 RMB'000
Salaries, bonuses and other benefits	**5,648,365**	5,211,783
Contribution to pension scheme (Note (a))	**423,767**	415,964
	6,072,132	5,627,747

Notes:

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

(b) Directors' and chief executive's emoluments

The remuneration of each director for the year ended 31 December 2024 is set out below:

	Fees RMB'000	Salaries, Allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Contribution to pension contributions RMB'000	Total RMB'000
Executive directors					
Mr. Duan Shengli	–	128	–	9	137
Mr. Han Chao (ii)	180	1,023	155	47	1,405
Mr. Hu Xu (ii)	180	1,121	45	44	1,390
Non-executive directors					
Mr. Sang Quan (iii)	180	–	–	–	180
Mr. Lin Wuchang (iii)	180	–	–	–	180
Independent non-executive directors					
Ms. Wen Yanhong	456	–	–	–	456
Mr. Peng Liaoyuan	456	–	–	–	456
Mr. Dong Xinyi (iv)	456	–	–	–	456

12. EMPLOYEE BENEFIT EXPENSES (continued)

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

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

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

12. EMPLOYEE BENEFIT EXPENSES (continued)

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

(i) Mr. Hu Liang, Mr. Wang Zhen, Ms. Yu Fen and Mr. Lv Peimei resigned as executive directors of the Company on 21 June 2023.

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

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

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

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2024 included zero (2023: zero) director. The emoluments payable to these five individuals are as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other emoluments	**4,305**	5,660
Discretionary bonus	**13,877**	15,063
Contribution to pension scheme	**113**	157
	18,295	20,880

12. EMPLOYEE BENEFIT EXPENSES (continued)

(c) Five highest paid individuals (continued)

The emoluments of the five individuals fell within the following bands:

	2024 Number of individuals	2023 Number of individuals
Emolument bands		
HK$2,500,001 to HK$3,000,000	**1**	–
HK$3,000,001 to HK$3,500,000	**1**	–
HK$3,500,001 to HK$4,000,000	**2**	2
HK$4,000,001 to HK$4,500,000	**–**	–
HK$4,500,001 to HK$5,000,000	**–**	2
HK$5,000,001 to HK$5,500,000	**–**	–
HK$5,500,001 to HK$6,000,000	**–**	–
HK$6,000,001 to HK$6,500,000	**1**	–
HK$6,500,001 to HK$7,000,000	**–**	1

(d) Directors' retirement and termination benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries' undertaking during the years ended 31 December 2024 and 2023. No payment was made to the directors as compensation for early termination of appointment during the years ended 31 December 2024 and 2023.

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

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

No payment was made to any former employers of the directors and former directors for making available the services of them as a director of the Company during the years ended 31 December 2024 and 2023.

12. EMPLOYEE BENEFIT EXPENSES (continued)

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

There were no other loans, quasi-loans and other dealings in favour of the directors, controlled bodies corporate by and connected entities with such directors during the years ended 31 December 2024 and 2023.

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

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2024 and 2023.

13. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on borrowings	–	10,869
Interest on lease liabilities	**10,169**	987
Interest on consideration payables	**533**	3,705
Other finance costs (Note)	**58,834**	39,207
	69,536	54,768

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

14. INCOME TAX EXPENSES

	2024 RMB'000	2023 RMB'000
Current tax	**413,748**	621,767
Deferred tax	**(38,421)**	(80,122)
	375,327	541,645

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

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit arising from operations in Hong Kong during the year except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. In respect of this subsidiary, the first HK$2 million of assessable profits are subject to tax at the rate of at 8.25% and the remaining assessable profits are subject to tax at the rate of at 16.5%.

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate was 25% for the years ended 31 December 2024 and 2023. Certain subsidiaries and branches of the Group in the PRC were located in western part of the PRC, and they were subject to a preferential income tax rate of 15% during the years ended 31 December 2024 and 2023. The subsidiaries and branches of the Group located in Hainan Province are qualified to enjoy the preferential income tax rate of 15% since 1 January 2020 to 31 December 2027. A preferential income tax rate of 20% applies to subsidiaries that meet the conditions for as small and micro-profit enterprises.

14. INCOME TAX EXPENSES (continued)

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

	2024 RMB'000	2023 RMB'000
Profit before income tax	**1,407,352**	2,105,457
Tax calculated at applicable corporate income tax rate of 25% (2023: 25%)	**351,838**	526,364
Tax effect of income not subject to tax	**(39,874)**	(17,950)
Tax effect of expenses of not deductible for taxation purposes	**76,045**	59,598
Tax effect of different tax rates applicable to certain subsidiaries	**(38,912)**	(26,367)
Tax effect of tax losses not recognised	**29,712**	—
Utilisation of tax losses previously not recognised	**(9,314)**	—
Tax effect of deductible temporary differences not recognised	**5,832**	—
	375,327	541,645

15. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares during the years ended 31 December 2024 and 2023.

The Company did not have any potential ordinary shares outstanding during the years ended 31 December 2024 and 2023. Diluted earnings per share is equal to basic earnings per share.

	2024	2023
Profit attributable to owners of the Company (RMB'000)	**1,020,987**	1,541,199
Weighted average number of ordinary shares in issue (in thousands)	**10,810,811**	10,810,811
Basic and diluted earnings per share	**RMB0.09**	RMB0.14

16. DIVIDENDS

No dividend has been declared or paid by the Company for the years ended 31 December 2024 and 2023.

17. PROPERTY AND EQUIPMENT

	Property RMB'000	Machinery RMB'000	Vehicles RMB'000	Furniture, fitting and equipment RMB'000	Total RMB'000
As at 1 January 2024					
Cost	7,629	58,156	54,671	156,093	276,549
Accumulated depreciation	(3,811)	(43,344)	(41,083)	(129,668)	(217,906)
Opening net book amount	3,818	14,812	13,588	26,425	58,643
Additions	5,798	8,182	4,582	15,879	34,441
Disposals	(148)	(444)	(260)	(1,420)	(2,272)
Depreciation charge	(1,600)	(3,871)	(5,340)	(12,093)	(22,904)
Closing net carrying amount	7,868	18,679	12,570	28,791	67,908
As at 31 December 2024					
Cost	13,427	66,338	59,253	171,972	310,990
Accumulated depreciation	(5,559)	(47,659)	(46,683)	(143,181)	(243,082)
Net carrying amount	7,868	18,679	12,570	28,791	67,908

17. PROPERTY AND EQUIPMENT (continued)

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

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

	2024 RMB'000	2023 RMB'000
Cost of sales	**17,053**	17,648
Administrative expenses	**5,851**	8,705
	22,904	26,353

No property and equipment is restricted or pledged as security as at 31 December 2024 and 2023.

18. INTANGIBLE ASSETS

	Computer software RMB'000	Property management contracts and customer relationships RMB'000	Goodwill RMB'000	Total RMB'000
As at 1 January 2024				
Cost	27,197	1,195,199	1,738,218	2,960,614
Accumulated amortisation and impairment losses	(15,877)	(558,590)	(739,548)	(1,314,015)
Net carrying amount	11,320	636,609	998,670	1,646,599
Year ended 31 December 2024				
Opening net carrying amount	11,320	636,609	998,670	1,646,599
Additions	4,489	–	–	4,489
Amortisation	(2,087)	(102,695)	–	(104,782)
Impairment	–	(6,743)	(41,283)	(48,026)
Closing net carrying amount	13,722	527,171	957,387	1,498,280
As at 31 December 2024				
Cost	31,686	1,195,199	1,738,218	2,965,103
Accumulated amortisation and impairment losses	(17,964)	(668,028)	(780,831)	(1,466,823)
Closing net carrying amount	13,722	527,171	957,387	1,498,280

18. INTANGIBLE ASSETS (continued)

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

18. INTANGIBLE ASSETS (continued)

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

	2024 RMB'000	2023 RMB'000
Cost of sales	**102,695**	189,731
Administrative expenses	**2,087**	4,776
	104,782	194,507

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

(c) Goodwill, property management contracts and customer relationships

For the purpose of impairment testing, goodwill, property management contracts and customer relationships arising on business combinations as set out above was allocated, at acquisition, to ten (2023: eleven) CGUs.

As the result of management assessment, impairment provision of RMB6,743,000 (2023: RMB5,736,000) was recognised on property management contracts and customer relationships for the year ended 31 December 2024 and impairment provision of RMB41,283,000 (2023: RMB145,602,000) was recognised on goodwill for the year ended 31 December 2024.

18. INTANGIBLE ASSETS (continued)

(c) Goodwill, property management contracts and customer relationships (continued)

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

	For the year ended 31 December 2024	For the year ended 31 December 2023
Expected growth rate of revenue	0%-41%	-50%-34%
Pre-tax discount rate	18.3%-42.6%	18%-24%
Terminal growth rate	0%-2%	2%

19. INVESTMENT PROPERTIES

	Commercial properties RMB'000	Carparks RMB'000	Total RMB'000
As at 1 January 2023	36,191	4,062	40,253
Fair value loss on investment properties	(2,433)	–	(2,433)
Disposal	(32,600)	–	(32,600)
As at 31 December 2023	1,158	4,062	5,220
Fair value loss on investment properties	(43)		(43)
As at 31 December 2024	1,115	4,062	5,177

19. INVESTMENT PROPERTIES (continued)

(a) Valuation processes of the Group

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

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

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

Properties category	Fair value hierarchy	Fair value as at 31 December 2024 RMB'000	Valuation technique and key inputs	Significant unobservable inputs	Range	Relationship of key inputs and significant unobservable inputs to fair value
Commercial Properties	Level 3	**1,115**	Market comparison approach - by reference to average of recent transaction prices of similar properties, adjusted for nature, location and properties size	Adjusted price per square meter (RMB/sq.m.)	25,000-26,000	The higher the market unit rate, the higher the fair value
Carparks	Level 3	**4,062**	Market comparison approach - by reference to average of recent transaction prices of similar properties, adjusted for location	Adjusted price per square meter (RMB/sq.m.)	13,500-15,000	The higher the market unit rate, the higher the fair value

19. INVESTMENT PROPERTIES (continued)

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

Properties category	Fair value hierarchy	Fair value as at 31 December 2023 RMB'000	Valuation technique and key inputs	Significant unobservable inputs	Range	Relationship of key inputs and significant unobservable inputs to fair value
Commercial Properties	Level 3	1,158	Market comparison approach - by reference to average of recent transaction prices of similar properties, adjusted for nature, location and properties size	Adjusted price per square meter (RMB/sq.m.)	30,289-36,114	The higher the market unit rate, the higher the fair value
Carparks	Level 3	4,062	Market comparison approach - by reference to average of recent transaction prices of similar properties, adjusted for location	Adjusted price per square meter (RMB/sq.m.)	13,500-15,000	The higher the market unit rate, the higher the fair value

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

	2024 RMB'000	2023 RMB'000
Rental income	4	14

19. INVESTMENT PROPERTIES (continued)

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

	2024 RMB'000	2023 RMB'000
Within 1 year	**12**	14
After 1 year but within 2 years	**2**	–

20. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	2024 RMB'000	2023 RMB'000
Investments in associates	**52,526**	37,065
Investments in joint ventures	**–**	2,550
	52,526	39,615

The amounts recognised in profit or loss are as follows:

	2024 RMB'000	2023 RMB'000
Share of total comprehensive income of associates	**10,519**	8,621

(a) Investments in associates

The movements of the investments in associates are as follows:

	2024 RMB'000	2023 RMB'000
As at 1 January	**37,065**	29,138
Additions	**10,862**	2,600
Share of total comprehensive income of associates, net of dividends received/declared	**4,599**	5,327
As at 31 December	**52,526**	37,065

20. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

(a) Investments in associates (continued)

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

Name of company	Form of entity	Place of Incorporation and operation	Particulars of issued and paid up capital/registered capital	Proportion of ownership interest held by the Group	Principal activity
Shangrao Asia Pacific Property Services Limited* (上饒市亞太物業服務有限公司)	Limited liability company	PRC	RMB2,060,000	35%	Provision of property management services
Ningbo Jingsheng City Integrated Property Services Limited* (寧波市景勝城市綜合物業服務有限公司)	Limited liability company	PRC	RMB20,000,000	35%	Provision of property management services
Linhai Yucheng Property Services Limited* (臨海市昱誠物業服務有限公司)	Limited liability company	PRC	RMB5,000,000	49%	Provision of property management services
Ningbo Chunjiang Property Services Limited* (寧波春江物業服務有限公司)	Limited liability company	PRC	RMB5,000,000	40%	Provision of property management services

20. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

(a) Investments in associates (continued)

Name of company	Form of entity	Place of Incorporation and operation	Particulars of issued and paid up capital/registered capital	Proportion of ownership interest held by the Group	Principal activity
Jiangxi Taixin Health Care Services Limited* (江西泰心康護護理服務有限公司)	Limited liability company	PRC	RMB2,000,000	49%	Provision of property management services
Shaoxing Keqiao District Xingchen Urban Commercial Operation Management Limited (紹興市柯橋區臨空星城城市商業經營管理有限公司)	Limited liability company	PRC	RMB15,000,000	49%	Provision of property management services
Ningbo Yongshun City Services Limited (寧波永舜城市服務有限公司)	Limited liability company	PRC	RMB5,000,000	40%	Provision of property management services
Ningbo Zhiqing Yatai City Services Limited (寧波摯青亞太城市服務有限公司)	Limited liability company	PRC	RMB10,000,000	42%	Provision of property management services

* English name for identification only

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

There is no individually material associate which significantly affects the results and net assets of the Group as at 31 December 2024 and 2023.

20. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

(b) Investments in joint ventures

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

	2024 RMB'000	2023 RMB'000
As at 1 January	**2,550**	3,394
Disposal	**(2,550)**	(844)
As at 31 December	**–**	2,550

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

There is no individually material joint venture which significantly affects the results and net assets of the Group as at 31 December 2024 and 2023.

21. TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables (Note (i))	**2,586,373**	3,046,591
Value-added tax recoverable	**28,319**	34,810
Other receivables (Note (ii))	**537,614**	427,236
	3,152,306	3,508,637

21. TRADE AND OTHER RECEIVABLES (continued)

(i) Trade receivables

	2024 RMB'000	2023 RMB'000
Trade receivables		
Related parties (Note 35)	**2,205,037**	2,257,835
Third parties	**3,357,659**	3,661,636
Gross trade receivables	**5,562,696**	5,919,471
Less: allowance for impairment of trade receivables		
– Related parties (Note 35)	**(2,203,003)**	(2,251,242)
– Third parties	**(773,320)**	(621,638)
	2,586,373	3,046,591

(ii) Other receivables

	2024 RMB'000	2023 RMB'000
Ultimate holding company (Note (c))		
– Financial guarantees	**13,400,000**	13,400,000
Less:		
– Enforcement of financial guarantees pledged	**(13,400,000)**	(13,400,000)
	–	–
Other related parties (Note 35)	**10,727**	11,716
Third parties		
– Payments on behalf of property owners (Note (d))	**424,898**	395,058
– Deposits	**142,072**	115,957
– Others	**100,684**	59,184
Gross other receivables	**678,381**	581,915
Less: allowance for impairment of other receivables		
– Related parties (Note 35)	**(7,188)**	–
– Third parties	**(133,579)**	(154,679)
Total other receivables	**537,614**	427,236

21. TRADE AND OTHER RECEIVABLES (continued)

(ii) Other receivables (continued)

Note:

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

(b) As at 31 December 2024 and 2023, the aging analysis of the trade receivables based on date of revenue recognition and net of loss allowance was as follows:

	2024 RMB'000	2023 RMB'000
0 to 180 days	**1,301,036**	1,563,624
181-365 days	**356,921**	613,792
1 to 2 years	**505,979**	571,109
2 to 3 years	**276,321**	298,066
Over 3 years	**146,116**	—
	2,586,373	3,046,591

(c) Pursuant to the Court's judgement, the ultimate holding company and Hengda Real Estate Group Company Limited (a related party of the Company), was the actual debtor of the financing guarantee fund, and certain other third parties as the guarantees were jointly liable for the full amount of the aforementioned debt respectively.

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

(e) As at 31 December 2024 and 2023, trade and other receivables were denominated in RMB and the carrying amounts of trade and other receivables approximate their fair values.

22. PREPAYMENTS

	2024 RMB'000	2023 RMB'000
Prepayments to suppliers		
Related parties (Note 35)	**1,392**	1,439
Third parties	**58,127**	30,056
	59,519	31,495

23. INVENTORIES

As at the end of the reporting period, inventories of RMB4,624,000 (2023: RMB2,365,000) represented finished goods for the sales on the online shopping platform and the parts for lift repair and maintenance in which no allowance made as at 31 December 2024 (2023: Nil).

24. CASH AND CASH EQUIVALENTS

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

	2024 RMB'000	2023 RMB'000
Cash at bank	**2,694,299**	1,876,438
Cash on hand	**3,070**	4,412
	2,697,369	1,880,850

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

	2024 RMB'000	2023 RMB'000
RMB	**2,679,240**	1,856,860
US$	**57**	844
HK$	**18,072**	23,146
	2,697,369	1,880,850

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

25. RESTRICED CASH

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

26. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares USD'000	Equivalent nominal value of ordinary shares RMB'000
Authorised:			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	100,000,000,000	10,000	70,000
Issued:			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	10,810,811,000	1,081	7,060

Note: The Company did not have any treasury shares.

27. RESERVES

	Share premium RMB'000	Statutory reserves RMB'000	Capital reserves RMB'000	Exchange reserves RMB'000	Total RMB'000
Balance at 1 January 2024	**5,944,185**	**727,894**	**(12,757,250)**	**2,774**	**(6,082,397)**
Transfer to statutory reserve (Note)	**–**	**111,683**	**–**	**–**	**111,683**
Currency translation difference	**–**	**–**	**–**	**1,197**	**1,197**
Others	**–**	**–**	**(3)**	**–**	**(3)**
Balance at 31 December 2024	**5,944,185**	**839,577**	**(12,757,253)**	**3,971**	**(5,969,520)**

	Share premium RMB'000	Statutory reserves RMB'000	Capital reserves RMB'000	Exchange reserves RMB'000	Total RMB' 00 0
Balance at 1 January 2023	5,944,185	504,384	(12,756,202)	2,256	(6,305,377)
Transfer to statutory reserve (Note)	–	223,510	–	–	223,510
Currency translation difference	–	–	–	518	518
Others	–	–	(1,048)	–	(1,048)
Balance at 31 December 2023	5,944,185	727,894	(12,757,250)	2,774	(6,082,397)

Note: Statutory reserves

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

28. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000 (Re-presented)
Trade payable (Note (a))		
Related parties (Note 35)	**453,820**	375,003
Third parties	**1,312,851**	1,040,364
	1,766,671	1,415,367
Accrued payroll	**505,544**	521,055
Other payables		
Related parties (Note 35)	**133,650**	183,506
Third parties		
– Amounts temporarily received from/on behalf of property owners or lessors (Note (b))	**425,679**	350,663
– Deposits	**401,510**	405,714
– Other tax payables	**81,193**	171,609
– Consideration payables for business combinations	**447,228**	556,196
– Others	**536,476**	511,450
	2,025,736	2,179,138
	4,297,951	4,115,560
Less: Non-current portion	**(75,053)**	(177,852)
Current portion	**4,222,898**	3,937,708

28. TRADE AND OTHER PAYABLES (continued)

Notes:

(a) As at 31 December 2024 and 2023, the aging analysis of the trade payables based on goods and services received was as follows:

	2024 RMB'000	2023 RMB'000
Up to 1 year	**1,390,034**	1,106,311
1 to 2 years	**256,856**	232,988
2 to 3 years	**43,987**	62,917
More than 3 years	**75,794**	13,151
	1,766,671	1,415,367

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

(c) As at 31 December 2024 and 2023, trade and other payables were denominated in RMB and the carrying amounts of trade and other payables approximate their fair values.

29. LEASE

(a) Right-of-use assets

	2024 RMB'000	2023 RMB'000
As at 1 January		
Cost	**307,817**	346,955
Accumulated depreciation	**(279,310)**	(277,700)
Net carrying amount	**28,507**	69,255
As at 31 December		
Opening net book amount	**28,507**	69,255
Additions	**16,643**	9,693
Termination	**(3,155)**	(48,831)
Depreciation	**(19,135)**	(1,610)
Closing net carrying amount	**22,860**	28,507
As at 31 December		
Cost	**306,698**	307,817
Accumulated depreciation	**(283,838)**	(279,310)
Net carrying amount	**22,860**	28,507

For both years, the Group leases offices, dormitories, car parks and shops for its operations. Majority of the lease contracts are entered into for lease terms of 2 to 5 years (2023: 2 to 5 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

29. LEASE (continued)

(b) Lease liabilities

	2024 RMB'000	2023 RMB'000
Current	**84,118**	102,335
Non-current	**11,008**	18,181
	95,126	120,516

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

	2024 RMB'000	2023 RMB'000
Depreciation of right-of-use assets		
– Properties	**19,135**	1,610
Interest expenses (included in finance costs)	**10,169**	987
Expense relating to short-term and low-value leases (included in cost of sales and administrative expenses)	**245,964**	169,421

The total cash outflow for leases during the year ended 31 December 2024 and 2023 amounted to RMB177,253,000 and RMB277,739,000 respectively.

30. DEFERRED INCOME TAX

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	**509,045**	498,164
Deferred tax liabilities	**(123,942)**	(151,482)
	385,103	346,682

30. DEFERRED INCOME TAX (continued)

	Deferred tax assets- allowance on doubtful debts RMB'000	Deferred tax assets- tax losses RMB'000	Deferred tax assets- Others RMB'000	Deferred tax liabilities on amortisation of intangible assets RMB'000	Total RMB'000
As at 1 January 2023	27,603	37,967	266	(201,276)	(135,440)
Credited/(charged) to the consolidated statement of profit or loss and other comprehensive Income	20,834	9,577	(83)	49,794	80,122
Tax effect of equity transactions with ultimate holding company	402,000	–	–	–	402,000
At 31 December 2023	**450,437**	**47,544**	**183**	**(151,482)**	**346,682**
Credited/(charged) to the consolidated statement of profit or loss and other comprehensive Income	**26,828**	**(16,001)**	**54**	**27,540**	**38,421**
At 31 December 2024	**477,265**	**31,543**	**237**	**(123,942)**	**385,103**

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

As at 31 December 2024, the Group has unrecognised deferred income tax liabilities arising from undistributed profits from the Group's subsidiaries in the PRC to its immediate holding company. No provision has been made in respect of such withholding tax as the directors have confirmed that such profits will not be distributed in the foreseeable future. Unremitted earnings in this respect amounted to RMB8,277,087,000 (2023: RMB6,140,633,000).

At the end of the reporting period, the Group had unused tax losses of approximately RMB260,026,000 (2023: RMB242,440,000) available for offset against future assessable profits. Deferred tax assets amounting to approximately RMB31,543,000 (2023: RMB47,544,000) in respect of tax losses amounting to approximately RMB126,173,000 (2023: RMB190,177,000) have been recognised. No deferred tax asset was recognised in respect of the remaining tax losses of approximately RMB133,853,000 (2023: RMB52,263,000) due to the unpredictability of future profit streams. The PRC tax losses of approximately RMB131,733,000 (2023: RMB50,449,000) will expire on various dates in the next five years. Other losses may be carried forward indefinitely.

31. CASH FLOW INFORMATION

(a) Cash generated from operations

	2024 RMB'000	2023 RMB'000
Profit before income tax	**1,407,352**	2,105,457
Adjustments for:		
– Finance costs	**69,536**	54,768
– Depreciation of property and equipment (Note 17)	**22,904**	26,353
– Depreciation of right-of-use assets (Note 29a)	**19,135**	1,610
– Amortisation of other intangible assets (Note 18)	**104,782**	194,507
– Impairment losses on financial assets, net	**130,890**	140,172
– Loss on disposal of property and equipment	**66**	71
– Loss on disposal of investment properties	**–**	169
– Share of profit on investments accounted for using equity method	**(10,519)**	(8,621)
– Fair value change on contingent consideration payables	**(2,753)**	(48,455)
– Fair value change of investment properties	**43**	2,433
– Impairment loss recognised for goodwill, property management contracts and customer relationships	**48,026**	151,338
– Interest income	**(16,573)**	(16,228)
– Dividend income from associates	**–**	(3,294)
– Dividend income from investment at fair value through profit or loss	**–**	(324)
Changes in working capital		
– Trade and other receivables	**225,441**	(446,208)
– Contract liabilities	**105,657**	(38,679)
– Prepayment	**(28,024)**	5,239
– Trade and other payables	**202,920**	(644,408)
– Restricted cash	**(11,882)**	(37,623)
– Inventories	**(2,259)**	(2,365)
	2,264,742	1,435,912

31. CASH FLOW INFORMATION (continued)

(b) Net debt reconciliation

	Borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
As at 1 January 2023	249,700	266,985	516,685
Additions of leases	–	9,693	9,693
Accrued interest expenses	–	987	987
Termination	–	(48,831)	(48,831)
Cash flows	(249,700)	(108,318)	(358,018)
As at 31 December 2023	–	120,516	120,516
As at 1 January 2024	**–**	**120,516**	**120,516**
Additions of leases	**–**	**16,643**	**16,643**
Accrued interest expenses	**–**	**10,169**	**10,169**
Termination	**–**	**(3,155)**	**(3,155)**
Cash flows	**–**	**(49,047)**	**(49,047)**
As at 31 December 2024	**–**	**95,126**	**95,126**

32. COMMITMENTS

Capital commitments

Considerations to be paid for acquisitions of equity interests of subsidiaries from non-controlling interests contracted for but not yet completed as at 31 December 2024 and 2023 is as follows:

	2024 RMB'000	2023 RMB'000
Up to 1 year	**–**	300,000

33. OTHER LONG-TERM LIABILITIES

	2024 RMB'000	2023 RMB'000
Other payables	**75,053**	177,852
Contingent consideration payables (Note)	**–**	2,753
	75,053	180,605

Note: The contingent consideration payables are unsecured and interest-free. Balance of contingent consideration payables as at 31 December 2024 was nil (2023: RMB2,753,000). Contingent consideration payables represent the performance guarantee given by the vendors in relation to the business combination. Contingent consideration payables have been designated as financial liabilities upon initial recognition and is measured at fair value at the end of the reporting period. Contingent consideration payables will be realised if the acquired businesses achieve their respective base year revenue and profit target, calculated on certain predetermined basis, during the designated period of time.

34. NON-CONTROLLING INTERESTS

The movements of non-controlling interests were as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	**486,786**	495,479
Profit for the year	**11,038**	22,613
Capital injection	**1,254**	7,700
Dividend distribution	**(60,816)**	(39,006)
Acquisition of additional interests in non-wholly owned subsidiaries	**(15,694)**	–
At 31 December	**422,568**	486,786

34. NON-CONTROLLING INTERESTS (continued)

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

Summarised statement of financial position	Wuhan JBL Property Management Co., Ltd.*		Ningbo Yatai Hotel Property Services Co., Ltd.*	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Current assets	**80,819**	60,419	**907,260**	885,797
Current liabilities	**6,735**	10,035	**621,441**	724,116
Net current assets	**74,084**	50,384	**285,819**	161,681
Non-current assets	**103,337**	126,305	**370,328**	404,514
Non-current liabilities	**25,839**	31,813	**71,515**	85,140
Net assets	**151,582**	144,876	**584,632**	481,055

Summarised statement of profit or loss and other comprehensive income	Wuhan JBL Property Management Co., Ltd.*		Ningbo Yatai Hotel Property Services Co., Ltd.*	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Revenue	**157,818**	138,278	**2,291,435**	2,290,930
Profit/(Loss) for the year	**6,706**	(117)	**157,787**	70,423

* English name for identification purpose only

35. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties:

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

	2024 RMB'000	2023 RMB'000
Revenue from rendering of services		
– Controlled by the Group's ultimate holding company	**85,189**	77,847
– Joint ventures of the Group's ultimate holding company	**1,617**	35,865
	86,806	113,712
Purchase of goods and services		
– Controlled by the Group's ultimate holding company	**6,826**	8,000
Leasing car parking spaces		
– Controlled by the Group's ultimate holding company	**182,665**	108,260

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

Starting from September 2021, due to China Evergrande Group's liquidity difficulties, the management of the Group expects material uncertainties on the inflow of economic benefits from China Evergrande Group. Since the property services customers involve all the property owners and various aspects of the community, which has integrality and indivisibility as a whole, it is impracticable to exclude China Evergrande Group from the provision of property management services to those vacant properties. Hence, no additional costs have been incurred and the Group continues to provide property management services to China Evergrande Group. The Group estimates that the amount of the service income for the year ended 31 December 2024 to be approximately RMB373,841,000. No revenue is recognised in respect of the property management services delivered to, while the Group will endeavour to take reasonable measures to collect the receivables from the relevant parties in accordance with the relevant laws and applicable agreements to actively safeguard the interests of the Group.

35. RELATED PARTY TRANSACTIONS (continued)

(b) Balances with related parties:

The Group had the following balances with related parties.

	2024 RMB'000	2023 RMB'000
Trade receivables		
– Controlled by the Group's ultimate holding company	**2,004,388**	2,083,525
– Joint ventures of the Group's ultimate holding company	**200,649**	174,310
	2,205,037	2,257,835
Less: allowances for impairment of trade receivables (charged to profit or loss)	**(2,203,003)**	(2,251,242)
	2,034	6,593

	2024 RMB'000	2023 RMB'000
Other receivables		
– Controlled by the Group's ultimate holding company	**10,727**	11,716
Less: allowances for impairment of other receivables (charged to profit or loss)	**(7,188)**	–
	3,539	11,716

35. RELATED PARTY TRANSACTIONS (continued)

(b) Balances with related parties: (continued)

	2024 RMB'000	2023 RMB'000
Prepayments		
– Controlled by the Group's ultimate holding company	**1,392**	1,439

	2024 RMB'000	2023 RMB'000
Trade payables		
– Controlled by the Group's ultimate holding company	**445,869**	372,122
– Joint ventures of the Group's ultimate holding company	**7,951**	2,881
	453,820	375,003

	2024 RMB'000	2023 RMB'000
Other payables		
– Controlled by the Group's ultimate holding company	**131,862**	176,371
– Joint ventures of the Group's ultimate holding company	**1,788**	7,135
	133,650	183,506

	2024 RMB'000	2023 RMB'000
Contract liabilities		
– Controlled by the Group's ultimate holding company	**6,263**	–

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

35. RELATED PARTY TRANSACTIONS (continued)

(c) Key management compensation

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

	2024 RMB'000	2023 RMB'000
Salaries, bonuses and other benefits	**5,445**	2,552
Contributions to pension scheme expenses	**201**	114
	5,646	2,666

36. EVENT AFTER REPORTING PERIOD

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

In relation to the enforcement of the Group's deposit pledge of approximately RMB13.4 billion by the relevant banks, the wholly-owned subsidiaries of the Company have filed the relevant proceedings with the Guangzhou Intermediate People's Court of Guangdong Province, the PRC and obtained judgements from the court that the China Evergrande Group and the relevant liable parties (other than Guangzhou Xinyuan) are required to repay the amount of the deposit pledge together with the loss of interest and bear the handling costs of the cases. There are material uncertainties as to the amount of the aforesaid amount that could be recovered by the Group and the Board does not expect that the proceedings will have any material impact on the daily business operations of the Group. As of the date of this report, the judgments of Evergrande Hengkang RMB1.7 billion Proceeding and Evergrande Hengkang RMB1.0 billion Proceeding have become effective and the remaining cases are still subject to appeal. Please refer to the announcements of the Company dated 15 February 2023, 28 November 2023, 26 January 2024 and 10 January 2025 for details of the above matters.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2024 RMB'000	2023 RMB'000
Assets			
Non-current asset			
Investments in subsidiaries	(a)	–	–
Current assets			
Amount due from related parties		20,840	16,713
Other receivables		7,188	7,083
Prepayments		700	686
Cash and cash equivalents		2,603	3,407
Total current assets		31,331	27,889
Total assets		31,331	27,889
Equity			
Equity attributable to shareholders of the Company			
Share capital		7,060	7,060
Reserves	(b)	9,233,219	9,233,219
Accumulated losses		(9,235,447)	(9,230,303)
Total equity		4,832	9,976
Liabilities			
Non-current liabilities			
Loan from a subsidiary		22,448	13,016
Current liabilities			
Other payables and accruals		4,051	4,897
Total equity and liabilities		31,331	27,889

Notes:

(a) As at 31 December 2024, investment in subsidiaries are carried at cost of approximately RMB9,102,506,000 (2023: RMB9,102,506,000), net of impairment loss of RMB9,102,506,000 (2023: RMB9,102,506,000) in respect of investment in subsidiaries.

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

Note: (continued)

(b) Movement of reserve of the Company

	Share premium RMB'000	Recapitalisation premium reserves RMB'000	Total RMB'000
Balance as at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	5,944,185	3,289,034	9,233,219

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries of the Group as at 31 December 2024 and 2023 and as at date of this report, are set out as follows:

Company name	Place of incorporation/ registration and operation	Form of business structure	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company				Principal activities
				Direct		Indirect		
				2024	2023	2024	2023	
Eagle Investment (BVI) Limited	BVI	Limited liability Company	USD1	100%	100%	–	–	Investment holding
Knight Honour Global Limited	BVI	Limited liability Company	USD1	–	–	100%	100%	Investment holding
Oriental Joy Group Limited	BVI	Limited liability Company	USD1	–	–	100%	100%	Investment holding
Success Will Group Limited	Hong Kong	Limited liability Company	HKD1,000	–	–	100%	100%	Investment holding
Fortune Ascent Management Limited	Hong Kong	Limited liability Company	HKD1	–	–	100%	100%	Property management Services
Fortune Prosper Property Management Limited	Hong Kong	Limited liability Company	HKD100	–	–	100%	–	Investment holding
Jinbi Property Management Co., Ltd.* (金碧物業有限公司)	PRC	Limited liability Company	RMB10,000,000,000	–	–	100%	100%	Property management Services

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

Company name	Place of incorporation/ registration and operation	Form of business structure	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company				Principal activities
				Direct		Indirect		
				2024	2023	2024	2023	
Wuhan Jinbi Jiayuan Property Management Co., Ltd.* (武漢金碧嘉園物業管理有限公司)	PRC	Limited liability Company	RMB20,000,000	–	–	100%	100%	Property management Services
Guiyang Zhongyu Property Management Co., Ltd.* (貴陽中渝物業管理有限責任公司)	PRC	Limited liability Company	RMB3,000,000	–	–	100%	100%	Property management Services
Chongqing Tongjing Property Services Co., Ltd.* (重慶同景物業服務有限公司)	PRC	Limited liability Company	RMB5,000,000	–	–	100%	100%	Property management Services
Guiyang New Life Property Services Co., Ltd.* (貴陽新生活物業服務有限公司)	PRC	Limited liability Company	RMB5,010,000	–	–	100%	100%	Property management Services
Ningbo Yatai Hotel Property Services Co., Ltd. (寧波市雅太酒店物業服務有限公司)	PRC	Limited liability Company	RMB66,370,000	–	–	80%	80%	Property management Services
Shenzhen Futian Real Estate Development Co., Ltd.* (福田物業發展有限公司)	PRC	Limited liability Company	RMB60,000,000	–	–	100%	100%	Property management Services
Zhejiang Jindu Property Management Co., Ltd.* (浙江金都物業管理有限公司)	PRC	Limited liability Company	RMB60,000,000	–	–	100%	100%	Property management Services
Wuhan Jiebaili Property Management Co., Ltd.* (武漢傑佰利物業管理有限公司)	PRC	Limited liability Company	RMB40,000,000	–	–	51%	51%	Property management Services

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

Company name	Place of incorporation/ registration and operation	Form of business structure	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company				Principal activities
				Direct		Indirect		
				2024	2023	2024	2023	
Nanchang Tianxiang Property Management Co., Ltd.* (南昌市天翔物業管理有限公司)	PRC	Limited liability Company	RMB82,700,000	–	–	100%	70%	Property management Services
Taiyuan Lanjieshi Property Management Co., Ltd.* (太原藍潔仕物業管理有限公司)	PRC	Limited liability Company	RMB5,180,000	–	–	65%	65%	Property management Services
Chongqing Taiguang Property Management Co., Ltd.* (重慶泰廣物業管理有限公司)	PRC	Limited liability Company	RMB500,000	–	–	100%	100%	Property management Services
Evergrande Hengkang Property Co. Ltd.* (恒大恒康物業有限公司)	PRC	Limited liability Company	RMB2,850,000,000	–	–	100%	100%	Property management Services
Guangzhou Jinbi Hengying Property Service Co., Ltd.* (廣州市金碧恒盈物業服務有限公司)	PRC	Limited liability Company	RMB1,010,000,000	–	–	100%	100%	Property management Services
Guangzhou Jinbi Shijia Property Co., Ltd.* (廣州市金碧世家物業服務有限公司)	PRC	Limited liability Company	RMB1,010,000,000	–	–	100%	100%	Property management Services
Guangzhou Jinbi Huafu Property Co., Ltd.* (廣州市金碧華府物業有限公司)	PRC	Limited liability Company	RMB1,010,000,000	–	–	100%	100%	Property management Services

* English name for identification only

39. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the current year's presentation.

40. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issued by the board of directors on 31 March 2025.

Five-year Financial Summary

Consolidated Results

	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	**2024 RMB'000**
Revenue	10,781,578	13,193,464	11,809,176	12,486,544	**12,756,687**
Profit/(loss) before income tax	3,497,528	(218,904)	1,936,997	2,105,457	**1,407,352**
Income tax expense	(851,060)	(169,880)	(458,423)	(541,645)	**(375,327)**
Profit/(loss) for the year	2,646,468	(388,784)	1,478,574	1,563,812	**1,032,025**
Profit/(loss) attributable to:					
Owners of the Company	2,647,099	(316,294)	1,422,679	1,541,199	**1,020,987**
Non-controlling interests	(631)	(72,490)	55,895	22,613	**11,038**
	2,646,468	(388,784)	1,478,574	1,563,812	**1,032,025**
Earnings/(loss) per share for profit attributable to shareholders of the Company (Expressed in RMB per share)					
Basic	0.26	(0.03)	0.13	0.14	**0.09**
Diluted	0.26	(0.03)	0.13	0.14	**0.09**

Consolidated Financial Position

	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	**2024 RMB'000**
Non-current assets	287,887	2,681,599	2,252,527	2,276,748	**2,155,796**
Current assets	16,820,652	3,920,529	4,895,244	5,969,668	**6,554,547**
Current liabilities	7,225,728	9,370,698	8,216,601	7,876,937	**7,523,166**
Net current assets/(liabilities)	9,594,924	(5,450,169)	(3,321,357)	(1,907,269)	**(968,619)**
Total assets less current liabilities	9,882,811	(2,768,570)	(1,068,830)	369,479	**1,187,177**
Non-current liabilities	26,201	733,960	443,935	350,268	**210,003**
Equity attributable to owners of the Company	9,845,648	(3,866,551)	(2,008,244)	(467,575)	**554,606**
Non-controlling interests	10,962	364,021	495,479	486,786	**422,568**
Total equity/(deficiency in equity)	9,856,610	(3,502,530)	(1,512,765)	19,211	**977,174**

恒大物業
EVERGRANDE PROPERTY SERVICES