越秀服務集團有限公司
YUEXIU SERVICES GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code : 6626

WHERE
GOOD SERVICE
STARTS

ANNUAL REPORT **2024**

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS

Mr. Zhu Huisong *(Chairman)*
Mr. Zhang Jianguo
Mr. Yang Zhaoxuan

EXECUTIVE DIRECTORS

Mr. Wang Jianhui
Mr. Zhang Chenghao
Mr. Zhang Jin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hung Shing Ming
Ms. Hui Lai Kwan
Mr. Leung Yiu Man

BOARD COMMITTEES

AUDIT COMMITTEE

Ms. Hui Lai Kwan *(Chairlady)*
Mr. Hung Shing Ming
Mr. Leung Yiu Man

REMUNERATION COMMITTEE

Mr. Hung Shing Ming *(Chairman)*
Mr. Zhu Huisong
Ms. Hui Lai Kwan
Mr. Leung Yiu Man

NOMINATION COMMITTEE

Mr. Zhu Huisong *(Chairman)*
Mr. Wang Jianhui
Mr. Hung Shing Ming
Ms. Hui Lai Kwan
Mr. Leung Yiu Man

INVESTMENT COMMITTEE

Mr. Zhu Huisong *(Chairman)*
Mr. Wang Jianhui
Mr. Zhang Jianguo
Mr. Zhang Chenghao
Mr. Zhang Jin
Mr. Yang Zhaoxuan
Mr. Hung Shing Ming

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Zhu Huisong *(Chairman)*
Mr. Wang Jianhui
Mr. Hung Shing Ming
Ms. Hui Lai Kwan
Mr. Leung Yiu Man

COMPANY SECRETARY

Mr. Yu Tat Fung

AUDITOR

Ernst & Young
Certified Public Accountants
and Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

China Construction Bank Corporation
Bank of China (Hong Kong) Limited
Bank of Guangzhou Co., Ltd.
China Everbright Bank Co., Ltd., Hong Kong Branch
Shanghai Pudong Development Bank Co., Ltd.
Chong Hing Bank Limited
China Resources Bank of Zhuhai Co., Ltd
Guangdong Nanyue Bank Co.,Ltd

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

26/F, Yue Xiu Building
160 Lockhart Road
Wanchai
Hong Kong

SHARE REGISTRAR

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

INVESTOR RELATIONS

For further information of Yuexiu Services Group Limited,
please contact: Ms. Swan Wan
Email: ir@yuexiuproperty.com

STOCK CODE

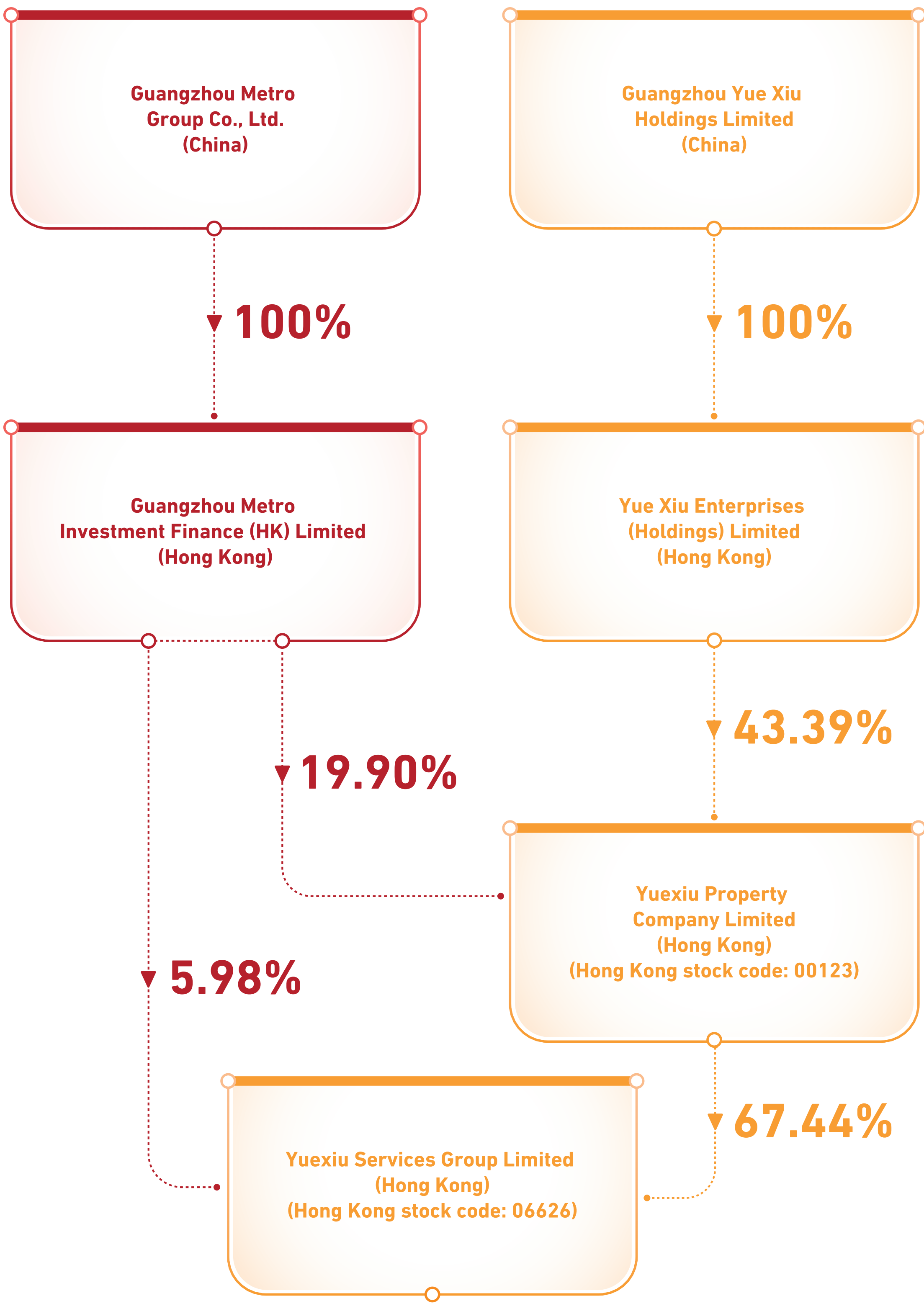
6626

WEBSITES TO ACCESS COMPANY INFORMATION

www.yuexiuservices.com
www.irasia.com/listco/hk/yuexiuservices/
www.hkexnews.hk

CORPORATE STRUCTURE

(As of 31 December 2024)



FINANCIAL SUMMARY

	For the year ended 31 December				
	2024	2023	2022	2021	2020
Total Revenue (RMB million)	**3,868**	3,224	2,486	1,918	1,168
Gross profit (RMB million)	**902**	857	679	671	403
Gross profit margin (%)	**23.3%**	26.6%	27.3%	35.0%	34.5%
Net profit* (RMB million)	**353**	487	416	360	199
Net profit margin* (%)	**9.1%**	15.1%	16.7%	18.7%	17.0%
Earnings per share (RMB)	**0.23**	0.32	0.27	0.27	0.20
Dividend per share (RMB)	**0.169**	0.160	0.096	0.083	—

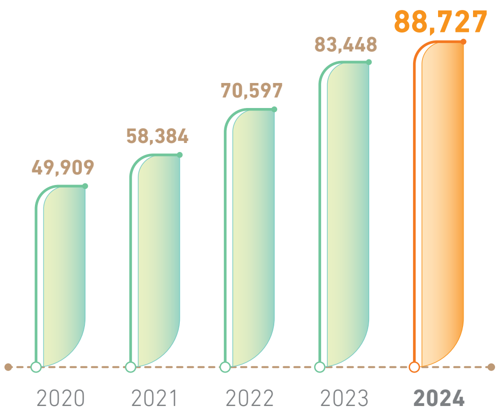
* Net profit = profit attributable to owners of the Company; net profit margin = profit attributable to owners of the Company/total revenue *100%

	As at 31 December				
(RMB million)	**2024**	2023	2022	2021	2020
Assets					
Non-current assets	**2,618**	533	530	490	535
Current assets	**3,998**	5,874	5,418	4,641	1,876
Total assets	**6,616**	6,407	5,948	5,131	2,411
Equity					
Equity attributable to owners of the Company	**3,503**	3,444	3,223	2,932	615
Non-controlling interests	**85**	176	168	158	146
Total equity	**3,588**	3,620	3,391	3,090	761
Liabilities					
Non-current liabilities	**147**	122	536	498	94
Current liabilities	**2,881**	2,665	2,021	1,543	1,556
Total liabilities	**3,028**	2,787	2,557	2,041	1,650
Total equity and liabilities	**6,616**	6,407	5,948	5,131	2,411

RESULTS HIGHLIGHTS

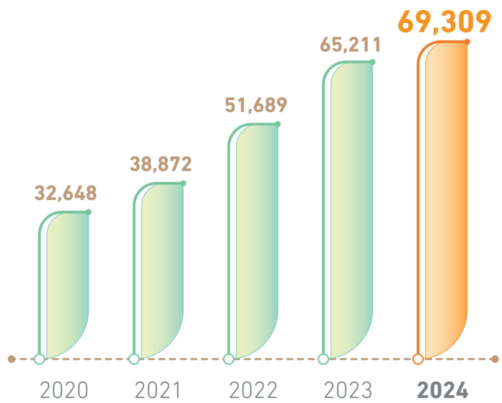
CONTRACTED GFA

(thousand sq.m.)



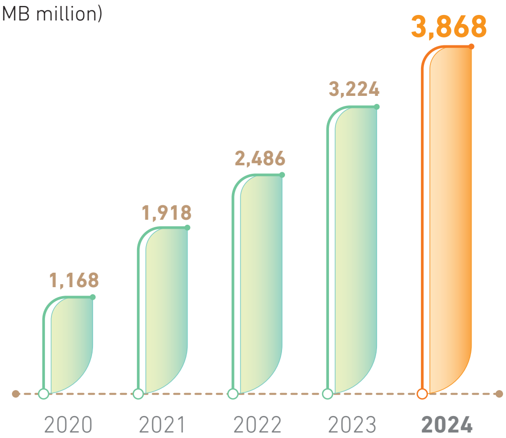
GFA UNDER MANAGEMENT

(thousand sq.m.)



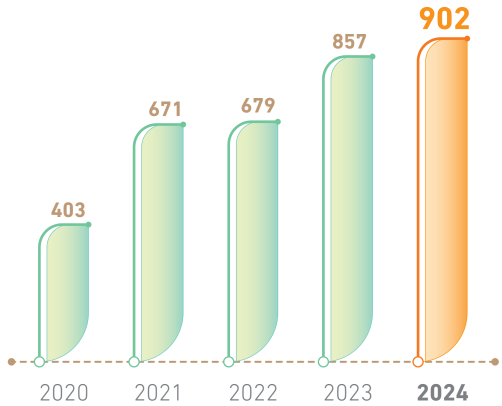
TOTAL REVENUE

(RMB million)



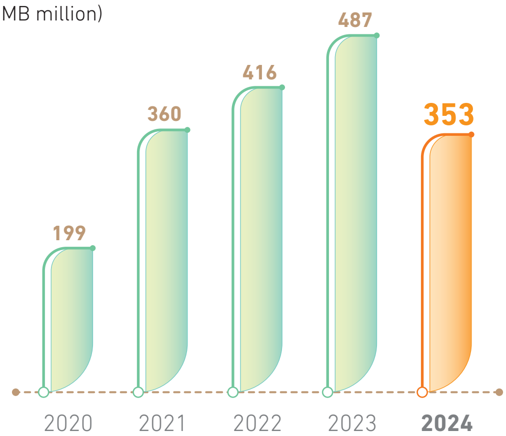
GROSS PROFIT

(RMB million)



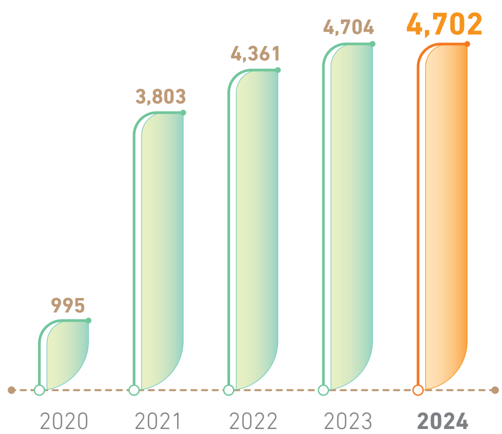
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

(RMB million)



CASH AND TIME DEPOSITS

(RMB million)



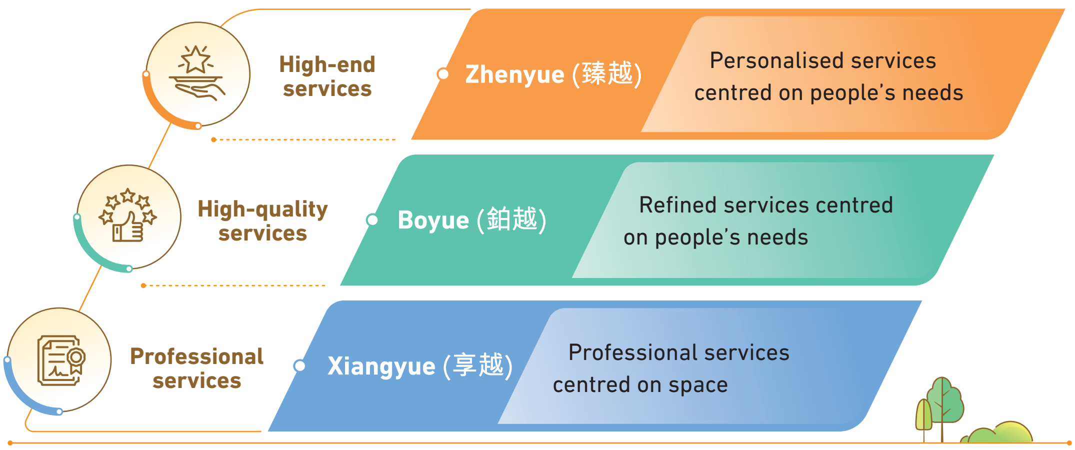
BUSINESS SCOPE

FOUR BUSINESS TYPES

RESIDENTIAL PROPERTY

By focusing on customer needs and leveraging its professional property management experience, Yuexiu Services Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") provides services in every aspect of the entire property development and operation value chain and continuously enhances the experience of "product + customer + operation", providing customers with full-cycle and heartfelt services, and creating a harmonious community atmosphere.

The Group has launched three classes of residential product lines, namely "Zhenyue (臻越)", "Boyue (鉑越)" and "Xiangyue (享越)" based on "differentiated property management fees, differentiated residents' needs and differentiated service scenarios", and provided customers with tailor-made solutions in line with its full range of product offerings and advanced management philosophies.



As of 31 December 2024, the GFA of residential properties under management of the Group was 42.72 million sq.m., serving more than 310,000 property owners.

Guangzhou Starry Garden

Panyu Grand Mansion in Guangzhou

COMMERCIAL PROPERTIES AND INDUSTRIAL PARKS

As one of the leading experts in commercial property operation and management and a pioneer in skyscraper property management in China, the Group integrates "assets + services + operations" to provide property asset management services for multiple urban landmarks and high-end commercial projects, covering a wide range of business sectors such as commercial properties, office buildings and wholesale markets. The landmark project Guangzhou International Finance Centre is the only commercial project in China to achieve three internationally recognised certifications, namely LEED, BOMA and RICS.

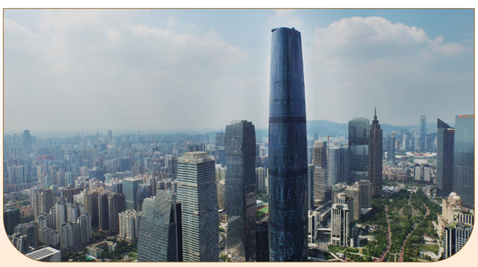
Equipped with extensive experience in Integrated Facility Management (IFM), Property Management (PM) and Asset Management (AM) as well as an international perspective, the Group provides the full lifecycle of asset management and operation solutions throughout various stages, including planning and design, construction, pre-sale and pre-leasing, delivery and sale, and operation. This approach enhances the integration of various business sectors through coordinated allocation of resources, thereby promoting the preservation and appreciation of asset value.

International business management standards

BOMA CHINA CERTIFICATE OF EXCELLENCE | BOMA 360 PERFORMANCE PROGRAM® | U.S. GREEN BUILDING COUNCIL LEED USGBC | WELL PRECERTIFIED | 世界高层建筑与都市人居学会 CTBUH | RICS®

The Group also focuses on fostering comprehensive corporate service capabilities for industrial parks, and building a business model that integrates "basic property management + industrial services + smart services". The industrial park projects under management of the Group cover a wide range of industries, including heavy industry, auto trade, and logistics.

As of 31 December 2024, the GFA of commercial properties and industrial parks under management of the Group was 11.43 million sq.m..


Guangzhou International Finance Centre

BASF Industrial Park in Zhanjiang

BUSINESS SCOPE

TOD SECTOR

The Group develops a S-TOD four-dimensional urban service system and TOD rail transit integrated services encompassing "underground rail transit spaces + above-ground properties + public spaces + industrial services". The Group has developed core technologies for cleaning the specific equipment of rail transit, including train tear mark treatment, parts and component cleaning for trains under repair and overhaul, train cleaning, initial cleaning of new metro lines, work-at-height, and epidemic prevention and disinfection. In addition, the Group introduces unique management models for specialised services such as electromechanical maintenance, order maintenance and apartment management.


Metro depot


Metro depot

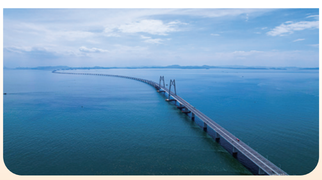

Metro station

As of 31 December 2024, the GFA of TOD projects under management of the Group was 8.83 million sq.m., with its national footprint extended to six cities, namely Guangzhou, Changsha, Fuzhou, Qingdao, Zhengzhou and Lijiang.

PUBLIC PREMISES

The Group provides comprehensive, attentive and professional logistical support to various government, government-affiliated organisations and public institutions (e.g. municipalities, venues, etc.). In addition to the provision of basic property management services, the Group also offers professional and high-quality services such as catering and professional docents.

As of 31 December 2024, the GFA of public premises under management of the Group was 6.33 million sq.m..


Hong Kong-Zhuhai-Macao Bridge


Guangdong Science Center


New Guangzhou Cultural Center

VALUE-ADDED SERVICE PLATFORMS

Based on market potential, the Group is committed to leveraging its own resources and advantages to continuously optimise the layout of high-quality and high value-added businesses, comprehensively satisfying people's pursuit of increasingly diverse lifestyles and enhancing their one-stop life service experience.

LIFESTYLE SERVICES – BUILDING A LIFESTYLE SERVICES COMPANY THAT FOCUSES ON COMMNUNITY SERVICES AND EFFICIENTLY CONNECTS SUPPLIERS WITH CUSTOMERS

The Group has conducted in-depth research on the demands of customers, businesses, and the government. With customers' trust built through day-to-day operations, the Group strives to create its flagship value-added services that are convenient, affordable, and quality-guaranteed. The Group has also launched its own proprietary brands of commodity sales, "Yuefuli (越福禮)" and home-living services, "Yuexiu Housekeeping Services (越福到家)".

The Group offers community operation services, focusing on the daily needs of residents by offering a range of services, including commodity retail sales and community tourism, as well as home-living services such as housekeeping services, household appliance cleaning, and automotive aftermarket services.

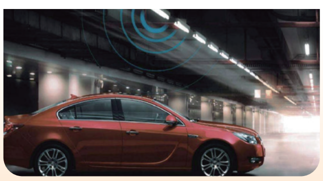
In addition, the Group's corporate professional services include corporate welfare gift services, initial cleaning services, conference management services, event planning and management services, etc..

Corporate welfare gifts

Community fair

ASSET MANAGEMENT SERVICES – BUILDING A COMPANY OFFERING ONE-STOP PROPERTY LEASING, AS WELL AS PARTIAL RENOVATIONS AND HOME DECORATION SERVICES

Based on the asset management needs of residents, the Group has built an all-round and professional asset operation and management platform to provide customers with one-stop asset service solutions, covering various areas including the leasing and sales of second-hand properties, parking space sales, apartment operation and management, with the goal of assisting property owners in preserving and increasing the value of their assets.



Parking space sales

Property leasing and sales

Apartment entrustment

BUSINESS SCOPE

Based on the three major stages of the full lifecycle of properties (development, delivery and use), and by anticipating and addressing the needs and pain points of various stakeholders such as developers and customers, the Group integrates its strengths in supply chain resources to provide turnkey and move-in furnishing and partial upgrade services.

Development (sales stage): pre-development

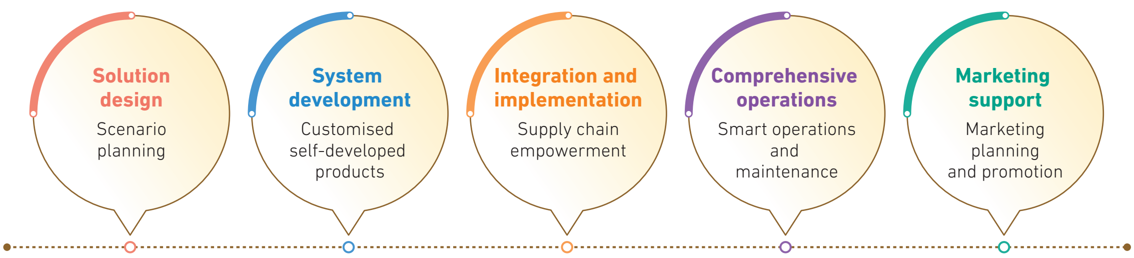
Delivery: turnkey and move-in furnishing

Use: Partial upgrade

TECHNOLOGICAL SERVICES – BUILDING A TECHNOLOGY COMPANY WITH INTEGRATED SOFTWARE AND HARDWARE SERVICES FOR COMMUNITY SPACES

Leveraging digital technologies such as the IoT, big data and cloud computing, the Group specialises in digitalization and intelligent operation, providing a full chain of professional services for digital and technological operations in all scenarios, ranging from solution design, system development, integration and implementation, comprehensive operations to marketing support for various business types, including smart residences and communities, smart commercial spaces and office buildings, smart campuses, and smart industrial parks.

Full-chain services



COMMUNITY COMMERCIAL SERVICES – BECOMING A OPERATOR FOR WONDERFUL COMMUNITIES WITH A FOCUS ON COMMERCIAL SERVICES IN RESIDENTIAL COMMUNITIES

With the aim to revive communities, the Group has cultivated its community commercial brand, "Yuexiu • Living Fun (越秀 • 悦匯時光)", leveraging resources from over 2,000 strategic business alliances and focusing on diversified commercial spaces, community public spaces and urban public spaces to provide all-round space commercial operation services, including research and planning, tenant sourcing, operation agency, brand promotion, and basic property management for various types of spaces.

Three main spaces

Community public spaces

Centralised clubhouses, open-air floors, designated spaces

Urban public spaces

Community fair, recreational and sports venues

Diversified commercial spaces

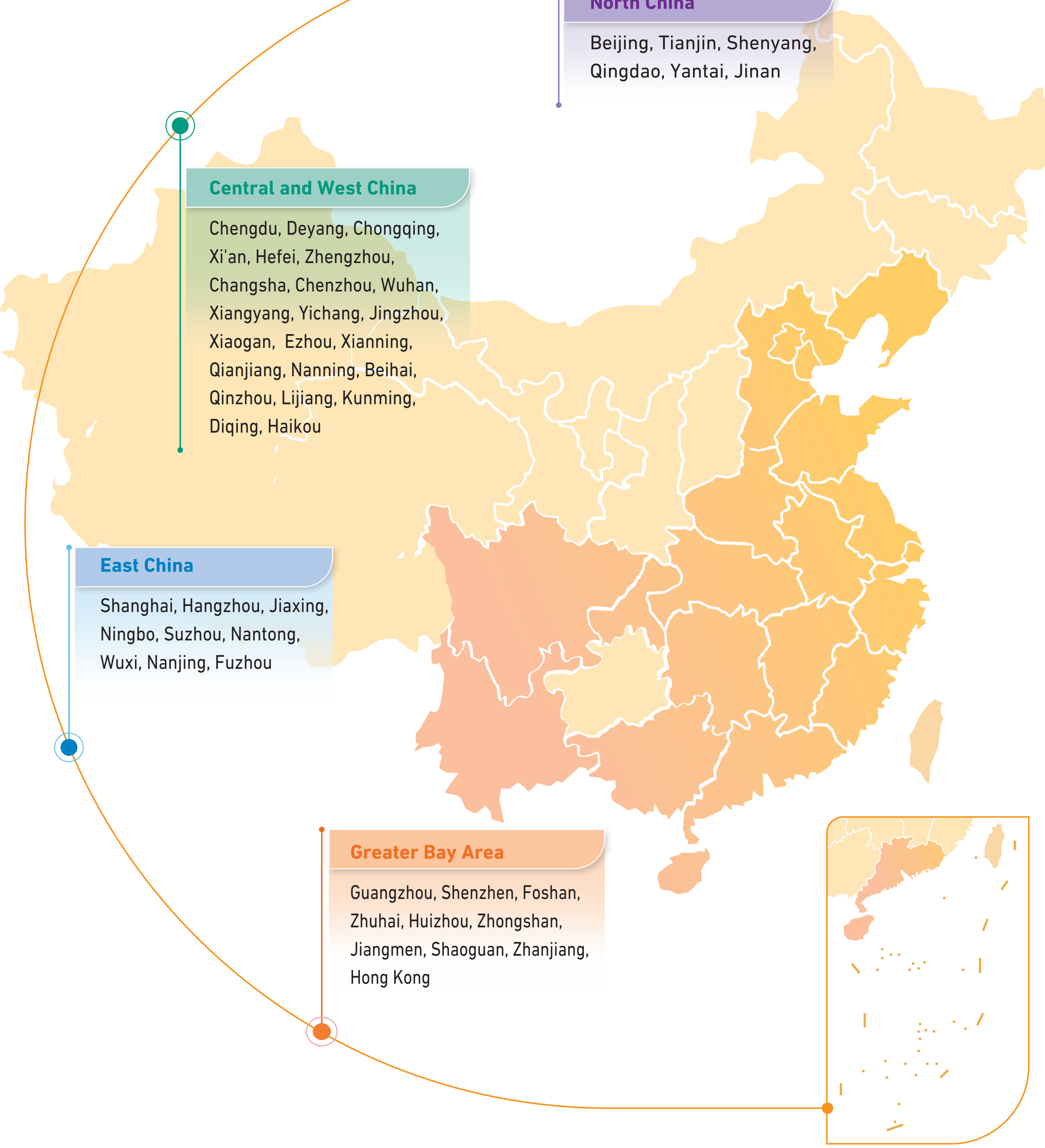
Community commercial spaces, urban commercial spaces, complexes, industrial parks, cultural and tourism commercial spaces

Living Fun in Suzhou

Galaxy TOD project in Guangzhou

NATIONWIDE PRESENCE

(As of 31 December 2024)



North China

Beijing, Tianjin, Shenyang, Qingdao, Yantai, Jinan

Central and West China

Chengdu, Deyang, Chongqing, Xi'an, Hefei, Zhengzhou, Changsha, Chenzhou, Wuhan, Xiangyang, Yichang, Jingzhou, Xiaogan, Ezhou, Xianning, Qianjiang, Nanning, Beihai, Qinzhou, Lijiang, Kunming, Diqing, Haikou

East China

Shanghai, Hangzhou, Jiaxing, Ningbo, Suzhou, Nantong, Wuxi, Nanjing, Fuzhou

Greater Bay Area

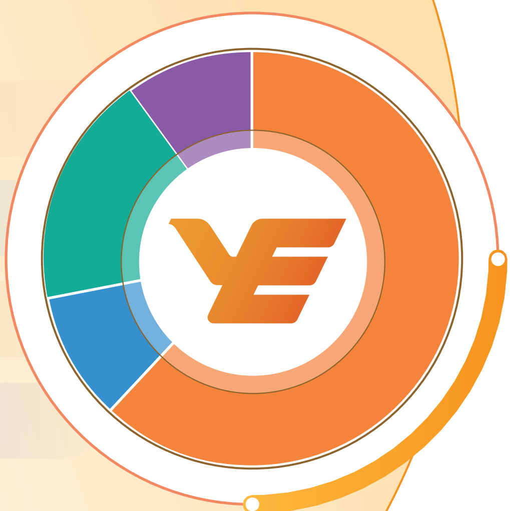
Guangzhou, Shenzhen, Foshan, Zhuhai, Huizhou, Zhongshan, Jiangmen, Shaoguan, Zhanjiang, Hong Kong

NATIONWIDE PRESENCE

(As of 31 December 2024)

48 cities
(including Hong Kong)

Greater Bay Area:	**54.96** million sq.m.	62%
East China:	**9.11** million sq.m.	10%
Central and West China:	**15.71** million sq.m.	18%
North China:	**8.95** million sq.m.	10%



Contracted GFA **88.73** million sq.m.

2024 MAJOR EVENTS

UPGRADING PROPERTY MANAGEMENT SERVICES

Launched specialised initiatives in cleaning, greening, security, and maintenance to optimise operational standards and improve customer satisfaction

ENHANCING EXPANSION QUALITY

Focused on core cities and specialised sectors and won the bid for the Hong Kong-Zhuhai-Macao Bridge project, and renewed contracts for landmark projects such as the Guangdong Science Center and Guangzhou Cultural Center

BUILDING IFM SERVICE SYSTEM

Delivered more refined essential services, specialised administrative and logistical support, and a broader range of office space solutions based on the characteristics and development needs of customers, to enhance the overall operational value of non-residential projects

BUILDING A PROFESSIONAL CONCIERGE TEAM

Guided by the international high-end concierge service concept, set up three professional teams, namely the protocol team, the ceremonial guard team and the trainer team to provide tailor-made high-end business solutions for customers

IN-DEPTH COOPERATION WITH OTIS ELEVATOR

Reached an in-depth cooperation intent with OTIS on elevator aftermarket services to explore the upgrading of the elevator repair and maintenance business, co-develop IoT technology, create a professional equipment management platform and accelerate business expansion

OPENING OF YOO-MAGIC GREATER BAY AREA EXHIBITION HALL

The Yoo-Magic Greater Bay Area Exhibition Hall in Guangzhou officially opened, offering one-stop services to satisfy the diverse interior design needs of property owners in different scenarios and providing customers with an immersive "what you see is what you get" experience

SECURING ASSET-LIGHT MERCHANT SOLICITATION AND OPERATION PROJECT IN WUXI

Won the bid of its first full-cycle asset-light business solicitation and operation project in Wuxi to further strengthen its market expansion capability in terms of commercial building management

SHOWCASE AT THE FIFTH GUANGZHOU SMART PROPERTY MANAGEMENT EXPO

Showcased the customer-centred full-cycle product and service system and jointly explored the new development path of "property+" to continuously promote the high-quality development of the industry

RANKING TOP12 AMONG TOP100 PROPERTY MANAGEMENT COMPANIES

Accredited by China Index Academy and ranked TOP12 among the 2024 TOP100 Property Management Companies in China (2024年中國物業服務百強企業TOP12)

WIDELY RECOGNISED ESG PERFORMANCE

Received an MSCI ESG rating of A for the second consecutive year and an industry-leading S&P Global ESG score

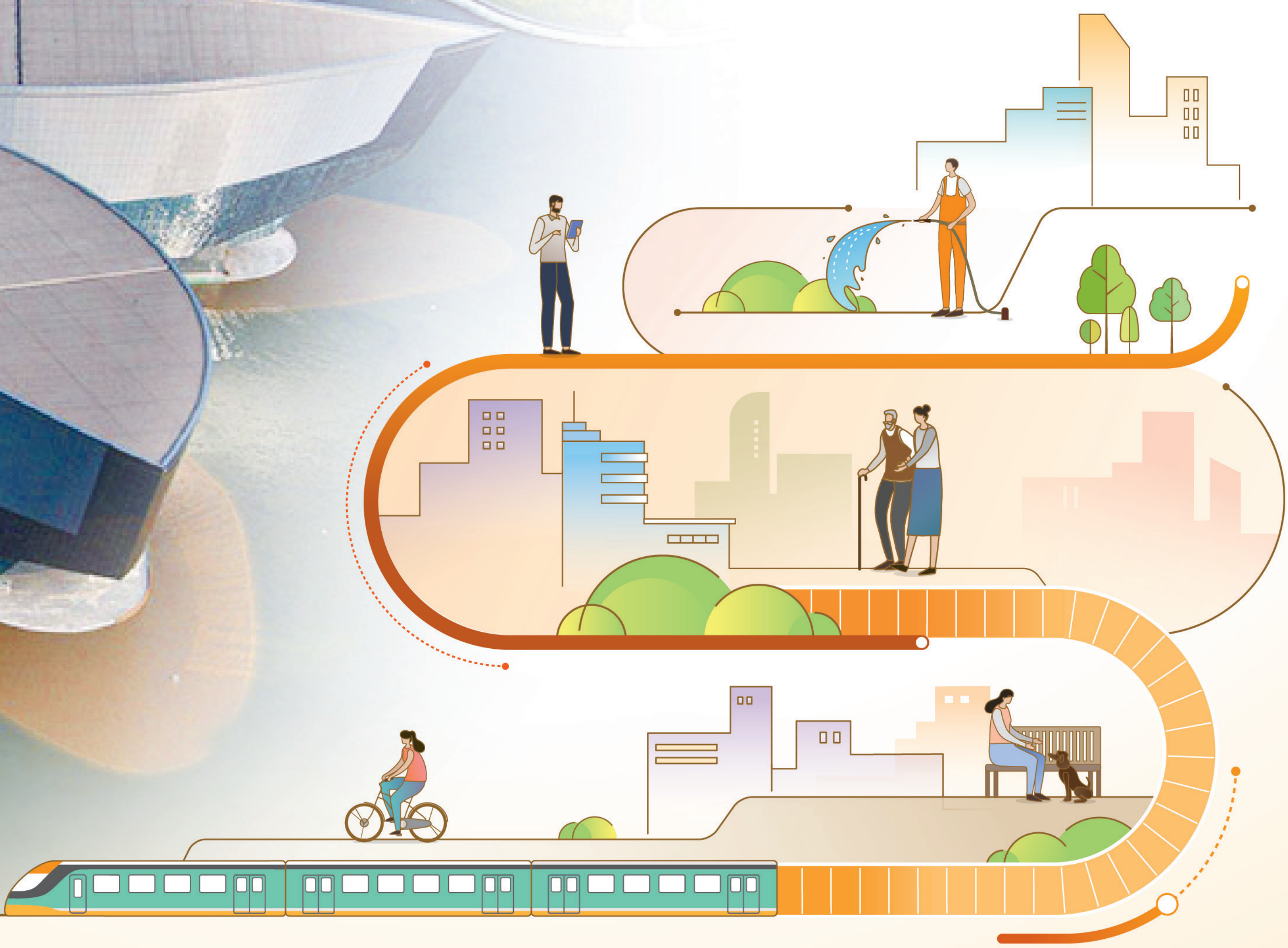
AWARDS AND HONOURS

Name of Award	Organisers
TOP 12 among the 2024 Top 100 Property Management Companies in China (2024中國物業服務百強企業TOP12)	*China Index Academy*
2024 China Leading Property Management Companies in terms of Service Quality (2024中國物業服務質量領先企業)	*China Index Academy*
2024 China Leading High-end Property Service Company (2024中國高端物業服務領先企業)	*China Index Academy*
2024 Exceptional Commercial Property Management Company in China (2024中國商業物業管理優秀企業)	*China Index Academy*
2024 China Leading Property Management Companies in terms of Characteristic Service - Community Operation Services (2024中國特色物業服務領先企業-社區運營服務)	*China Index Academy*
2024 China Excellent IFM Service Companies (2024中國IFM服務優秀企業)	*China Index Academy*
2024 Guangzhou TOP 1 Property Management Company in terms of Comprehensive Strength (2024廣州市物業服務企業綜合實力TOP1)	*China Index Academy*
TOP 6 among China's Exceptional Property Management Companies in terms of ESG Development for 2024 (2024中國物業服務ESG發展優秀企業TOP6)	*China Index Academy*

AWARDS AND HONOURS

Name of Award	Organisers
Top 100 Property Service Enterprises in Guangdong-Hong Kong-Macao Greater Bay Area for 2024 (2024粵港澳大灣區物業服務力百強企業)	*CRIC Property Management, China Property Management Research Institution (中物研協)*
2024 TOP 20 Residential Property Service Companies in Terms of Service Capability in Guangdong-Hong Kong-Macao Greater Bay Area (2024粵港澳大灣區住宅物業服務力TOP20)	*CRIC Property Management, China Property Management Research Institution (中物研協)*
2024 Comprehensive Strength Enterprise in Guangdong Property Management Industry (2024廣東物業行業綜合實力企業)	*Guangdong Property Management Industry Association*
2024 Property Service Brand Enterprise in Greater Bay Area (2024大灣區物業服務品牌企業)	*Guangdong Property Management Industry Association*
Integrity Benchmarking Enterprise in Guangdong Property Management Industry for 2023-2024 (2023-2024年廣東省物業管理行業誠信標杆企業)	*Guangdong Property Management Industry Association*
Excellence in ESG	*The Chamber of Hong Kong Listed Companies and the Centre for Corporate Governance and Financial Policy, Hong Kong Baptist University*
ESG Report of the Year, Best in Reporting, Best in ESG	*BDO*
A rating of Four-and-a-Half Star for the 2023 Environmental, Social and Governance Report of Yuexiu Services Group Limited	*The Chinese Expert Committee on CSR Report Rating*

CHAIRMAN'S STATEMENT



CHAIRMAN'S STATEMENT

Mr. Zhu Huisong
Chairman of the Board

Dear Shareholders,

In 2024, Yuexiu Services Group Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") adhered to our annual theme of "raising quality with devoted services and creating benefits through lean management". By refining its core property management services and strengthening the operational capabilities of its value-added services, the Group continued to achieve high-quality growth and delivered solid business performance.

INDUSTRY REVIEW

In 2024, the central and local governments continuously introduced policies to enhance management systems within the property management industry, fostering its steady development. According to the Guidance Catalogue for Industrial Structure Adjustment (2024 Edition) (《產業結構調整指導目錄 (2024年本) 》), issued by the National Development and Reform Commission and effective from February 2024, property management services have been included in the "Encouraged Category – Commercial Services Industry". This acknowledges the value of the property management industry and highlights its growing significance.

In August, the State Council issued the Opinions on Promoting High-Quality Development of Services Consumption, encouraging property management companies to offer both property management and lifestyle services. Clearer criteria for quality housing and services were established, laying a strong foundation for the industry's high-quality development. Furthermore, given the vital role of property management services in people's livelihoods and living standards, four cities – Chongqing, Yinchuan, Qingdao, and Wuhan-released new property management fee standards. This encouraged the market to improve service standards, which further intensified competition within the sector.

As a downstream sector of the property market, the property management industry has undergone significant changes in its market landscape. Industry growth has continued to slow down, while property management companies gradually exited projects with lower economic returns to optimise their existing portfolios and strengthen regional strategic layouts. Competition for high-quality projects has therefore intensified, leading to increased industry concentration. Property management companies gained in-depth insights into customer needs through differentiated service scenarios, continuously refining their service design and standards to deliver high-quality services that match property management fees. Additionally, by leveraging technology-driven services and intelligent management, they strived to enhance customer experience and satisfaction.

BUSINESS REVIEW

STABLE GROWTH IN OPERATING RESULTS

The Group's revenue for the year ended 31 December 2024 (the "**Year**") was RMB3,868 million, up 20.0% from the year ended 31 December 2023 (the "**Previous Year**"). The Group's gross profit margin for the Year was 23.3%. The profit attributable to owners of the Company was RMB353 million. Core net profit was RMB512 million, representing a 5.1% increase over the Previous Year.

The board (the "**Board**") of directors (the "**Directors**") of the Company has proposed to declare a final dividend of HKD0.083 per share of the Company (the "**Share**") (equal to RMB0.078 per Share) for the Year. The total dividend for 2024, including the interim dividend, was HKD0.183 per Share (equal to RMB0.169 per Share).

CHAIRMAN'S STATEMENT

IMPROVING SERVICE QUALITY

In 2024, the Group remained committed to its core service principles, maintaining a customer-centric approach while continuously enhancing service quality. The Group conducted in-depth research on "service capability", thoroughly analysing its business strategies, service standards, coordination between real estate development and property management services, as well as its organisational management and competencies. This research laid the foundation for adjusting the Group's development strategy to better adapt to the competitive and evolving industry landscape. During the Year, the Group launched specialised initiatives in cleaning, greening, security, and maintenance, focusing on key property management service touchpoints to optimise operational standards. In addition, the Group continued to implement the "Request Response" campaign to address customer concerns, refining its handling mechanisms and process standards. The Group recorded a prompt response rate of 99.4% for the Year and witnessed further improvement in customer satisfaction.

Moreover, the Group continued to adopt new tools and technologies to boost cost efficiency and support lean management. During the Year, it introduced a collaboration of human effort and machines in cleaning operations to deepen mechanisation of project operations, thereby enhancing both quality and efficiency. In terms of its greening model, the Group established a collective and professional team and developed its own plant nursery with graded maintenance, which comprehensively improved the quality of greening and aided successful external business expansion. Additionally, the Group actively promoted the development of intelligent smart-access systems to facilitate smoother entry for property owners and various visitors, thereby enhancing the overall user experience.

ENHANCING OPERATIONAL CAPABILITIES OF VALUE-ADDED SERVICE

Building on its core property management services, the Group developed an Integrated Facility Management ("IFM") product system, tailored to the diverse business characteristics, development strategies, corporate cultures, and office environments of its customers. This approach enabled the Group to deliver more refined essential services, specialised administrative and logistical support, and a broader range of office space solutions to better meet customer needs, ultimately enhancing the overall operational value of non-residential projects. During the Year, the Group expanded its service scope to include museum interpretation, office renovation, and catering services. The additional contract value generated from IFM exceeded RMB60 million, marking an initial success in market expansion.

In addition, the Group focused on community-based initiatives. By leveraging synergies across its various business operations, the Group is committed to enhancing its capabilities in self-operated businesses. For lifestyle services, the Group remained customer-centric, launching seven customised co-branded products, including alcoholic beverages, laundry supplies, and festive gifts, all of which were well received by the communities. The Group also worked to expand innovative sales channels, such as live broadcasts, community fairs, and group purchases. For community commercial services, the Group remained committed to strengthening its capabilities in operating and managing community commercial properties and successfully maintained a high occupancy rate. Additionally, it piloted innovative business models, including self-operated coffee shops. The Group has also strengthened its market development capability by successfully launching its first full-cycle asset-light operation project in Wuxi.

FOCUSING ON HIGH-QUALITY MARKET EXPANSION

During the Year, the Group focused on strategic core cities, implementing the strategy of "solid presence in five cities + strategic expansion to five cities". It explored and deepened engagement with key customer resources, strengthened the management of the entire bidding process, and enhanced its assessment system to drive high-quality expansion. Additionally, the Group proactively adjusted its project portfolio by terminating underperforming projects with underperforming operational or financial results.

During the Year, the Group secured bids for the Hong Kong-Zhuhai-Macao Bridge, a national strategic project, and successfully renewed contracts for landmark projects such as the Guangdong Science Center and Guangzhou Cultural Center. These achievements further reinforced its regional development foundation and effectively strengthened its reputation as a professional brand. In addition, the Group further strengthened its presence in areas associated with campuses and corporate headquarters during the Year, and continued to tap into customer resources and expand its business to key customer industrial parks.

In 2024, the Group signed contracts for 85 new projects, adding a total contracted gross floor area ("GFA") of 13 million sq.m.. As at 31 December 2024, it managed 437 projects with a total GFA of 69 million sq.m., and was contracted to manage 508 projects with a total contracted GFA of 89 million sq.m.. The Group continuously strengthened its national presence, with the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area") as its core, and its contracted management projects spanning 48 cities, including Hong Kong.

AWARDS AND RECOGNITIONS

In 2024, the Group received numerous recognitions, including being ranked as "TOP 12 among the 2024 TOP 100 Property Management Companies in China (2024中國物業服務百強企業TOP 12)" and recognised as one of the "2024 China Leading Property Management Companies in terms of Service Quality (2024中國物業服務質量領先企業)" by the China Index Academy.

Meanwhile, in recognition of its outstanding performance in ESG management, MSCI Inc. ("MSCI") once again assigned the Group's ESG rating to A-the highest rating awarded to property management companies in Mainland China currently. Additionally, the Group received the "Award of Excellence in ESG" at "The Hong Kong Corporate Governance and ESG Excellence Awards 2024", co-organised by the Chamber of Hong Kong Listed Companies and the Centre for Corporate Governance and Financial Policy at Hong Kong Baptist University.

CHAIRMAN'S STATEMENT

OUTLOOK

Looking ahead, given the existing volume of properties, the property management industry is expected to experience steady market growth, increasing industry concentration, and a continuous broadening of service offerings, creating opportunities for leading players. In 2025, the Group will adhere to the annual theme of "refined services & innovation for progress" to align services with customer needs across different scenarios, and increase investment in core services. Meanwhile, through organisational reform, lean management, and enhanced efficiency driven by digital intelligence, the Group aims to strengthen its competitiveness and promote sustainable development.

REFINING SERVICES TO BOOST SERVICE CAPABILITY

The Group will refine its service design based on physical spaces, interpersonal interactions, and digital touchpoints while continuously enhancing service quality through specialised initiatives. It will also streamline customer feedback mechanisms to enhance convenience and accelerate response times, all with the aim of improving customers' living experiences. Furthermore, the Group will actively advance the adoption of digital intelligence. It will integrate three key areas-customer services, employee management, and equipment management-to automate work order circulation. Additionally, in line with project site quality control requirements, the Group will leverage artificial intelligence, EBA[(1)], and other tools to establish a centralised command centre, empowering project frontlines and improving service response efficiency.

PROMOTING QUALITY GROWTH THROUGH QUALITY EXPANSION

The Group will remain focused on strategic cities to enhance management density, prioritising high-quality areas associated with corporate headquarters, campuses, and industrial parks of key customers to optimise the quality of expansion projects. Meanwhile, it will expand and tap into channel resources, utilise tools to strengthen support, enhance professional expertise in investment and business development, and ensure team stability. Furthermore, through its IFM product matrix, the Group aims to further expand the "basic property management + IFM" business. To support this, it will establish a specialised team with professional expertise to enhance project management capabilities.

Note:

(1) EBA is an integrated electronic building automation system enabled by Internet of Things to facilitate smart management of equipment and facilities

UPGRADING VALUE-ADDED SERVICES TO ENHANCE MARKET COMPETITIVENESS

The Group will strengthen its self-operated businesses to enhance market competitiveness. For the lifestyle service business, the Group aims to establish a community-focused platform that efficiently connects suppliers with customers. The community commercial service business will prioritise enhancing the operation of commercial facilities that support residential communities. For the technological service business, the Group will focus on community spaces, offering integrated technological services that combine software and hardware services. For the asset service business, the Group will develop property-centric operational services, including one-stop property leasing and sales, as well as partial renovations and home decoration services.

The Group will maintain a long-term view, increasing customer satisfaction and brand awareness by providing high-quality services and products, in order to enhance its core competitiveness and become a leading and trustworthy smart service provider.

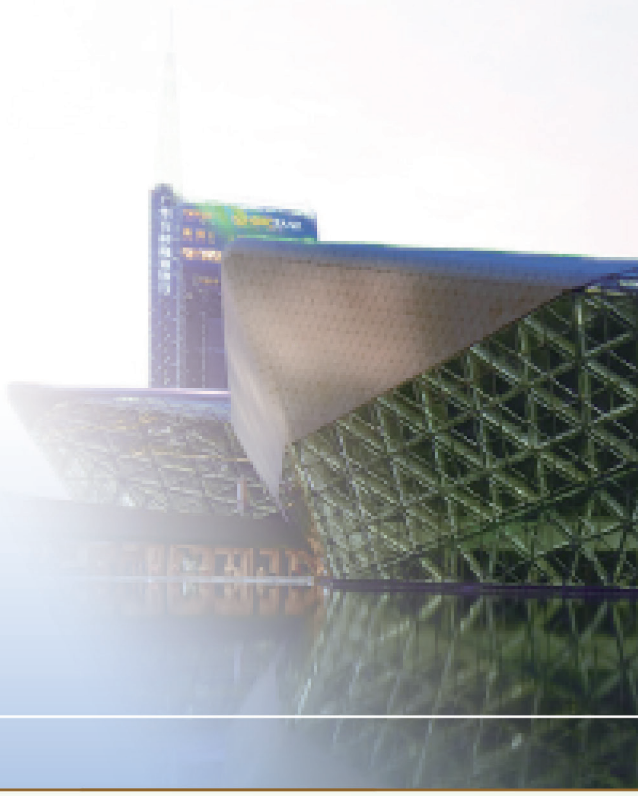
While promoting high-quality business development, the Group also prioritises sustainability management. It actively takes on corporate social responsibility and fulfils its obligations as a state-owned enterprise, aiming to maximise the overall value across economic, social, and environmental dimensions.

ACKNOWLEDGEMENTS

We would like to extend our sincere gratitude to our shareholders, partners, and customers for their support, as well as to all of our employees for their hard work and dedication, which have contributed to the Group's success and growth.

Zhu Huisong
Chairman of the Board

MANAGEMENT DISCUSSION AND ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

OVERVIEW

The Group is one of the leading property management companies in the Greater Bay Area. The Group is committed to providing diversified and integrated services across a wide range of properties, including residential properties, shopping malls, office buildings, public amenities, urban railways, metro stations and metro depots. Its primary businesses are:

(i) non-commercial property management and value-added services – which consist of property management services, value-added services to non-property owners and community value-added services; and

(ii) commercial property management and operational services – which consist of commercial operation and management services and market positioning consultancy and tenant sourcing services.

As of 31 December 2024, the Group:

- had 508 (31 December 2023: 476) contracted projects, with a total contracted GFA of 88.7 million sq.m. (31 December 2023: 83.4 million sq.m.), representing a year-on-year increase of 6.3% in contracted GFA; and
- had 437 (31 December 2023: 408) projects under management, with a total GFA under management of 69.3 million sq.m. (31 December 2023: 65.2 million sq.m.), representing a year-on-year increase of 6.3% in GFA under management.

The table below sets forth the change in the Group's number of contracted projects and projects under management as of the dates indicated.

	As of 31 December 2024		As of 31 December 2023	
	Contracted projects	Projects under management	Contracted projects	Projects under management
Total projects	**508**	**437**	476	408

The table below sets forth the change in the Group's contracted GFA and GFA under management for the periods indicated.

	Year ended 31 December			
	2024		2023	
	Contracted GFA[1]	GFA under management[2]	Contracted GFA	GFA under management
	(sq.m. in thousands)		(sq.m. in thousands)	
As of the beginning of the year	**83,448**	**65,211**	70,597	51,689
New engagements	**12,953**	**11,305**	15,377	16,048
Acquisitions	**—**	**—**	46	46
Terminations	**(7,674)**	**(7,207)**	(2,572)	(2,572)
As of the end of the year	**88,727**	**69,309**	83,448	65,211

Notes:

(1) Contracted GFA means gross floor area currently being managed or to be managed by the Group under signed property management service contracts.

(2) GFA under management means gross floor area currently being managed by the Group under signed property management service contracts.

As of 31 December 2024, projects contracted to be managed by the Group covered 48 cities (including Hong Kong) in the PRC. The table below sets forth a geographical breakdown of the Group's contracted GFA and GFA under management as of the dates indicated.

	As of 31 December			
	2024		2023	
	Contracted GFA	GFA under management	Contracted GFA	GFA under management
	(sq.m. in thousands)		(sq.m. in thousands)	
Greater Bay Area	**54,959**	**41,511**	46,790	35,899
East China Region	**9,112**	**7,500**	10,815	8,384
Central and West China Region	**15,711**	**12,708**	16,742	13,105
North China Region	**8,945**	**7,590**	9,101	7,823
Total	**88,727**	**69,309**	83,448	65,211

MANAGEMENT DISCUSSION AND ANALYSIS

NON-COMMERCIAL PROPERTY MANAGEMENT AND VALUE-ADDED SERVICES

The Group provides a wide spectrum of property management services and value-added services to non-commercial properties, which primarily comprise residential properties, TOD properties, public premises and industrial parks. In particular, it offers:

- **Property management services.** The Group provides cleaning, security, gardening and repair and maintenance services to property owners, property owners' associations and/or residents for properties sold and delivered, and to property developers for pre-delivery stage of residential properties.

- **Value-added services to non-property owners.** The Group provides value-added services to non-property owners, which include: (i) sales office and display unit management and pre-delivery support services; (ii) carpark space sales assistance services; (iii) ancillary property leasing services; and (iv) preliminary planning and design consultancy services and intelligent services.

- **Community value-added services.** The Group provides community value-added services to meet the needs of property owners and residents of residential properties under its management. Such services include: (i) homeliving services; (ii) space operation services; and (iii) decoration, turnkey and move-in furnishing services.

As of 31 December 2024, the Group:

- had 423 (31 December 2023: 385) contracted non-commercial projects, with a contracted GFA of 81.3 million sq.m. (31 December 2023: 75.7 million sq.m.); and

- had 359 (31 December 2023: 331) non-commercial projects under management, with a GFA under management of 62.7 million sq.m. (31 December 2023: 59.3 million sq.m.).

The table below sets forth the change in the Group's contracted non-commercial projects and non-commercial projects under management as of the dates indicated.

	As of 31 December 2024		As of 31 December 2023	
	Contracted projects	Projects under management	Contracted projects	Projects under management
Non-commercial projects	423	359	385	331

The table below sets forth the Group's contracted GFA and GFA under management of non-commercial projects as of the dates indicated.

	As of 31 December 2024		As of 31 December 2023	
	Contracted GFA	GFA under management	Contracted GFA	GFA under management
	(sq.m. in thousands)		(sq.m. in thousands)	
Non-commercial projects	**81,292**	**62,652**	75,660	59,271

For the Year, the average property management fee of residential projects remained stable at RMB2.8/sq.m./month (Previous Year: RMB2.7/sq.m./month).

The table below sets forth the Group's average property management fee of residential projects for the periods indicated.

	Year ended 31 December	
	2024 (RMB/sq.m./month)	2023 (RMB/sq.m./month)
Residential projects	**2.8**	2.7

COMMERCIAL PROPERTY MANAGEMENT AND OPERATIONAL SERVICES

The Group provides property management and operational services to commercial properties, which primarily comprise office buildings, shopping malls and wholesale markets. In particular, it offers:

- **Commercial operation and management services.** The Group provides commercial operation and management services to property owners, property developers and tenants, which mainly consist of commercial property management services and other value-added services such as carpark management and operational services and space operation services (including advertising space leasing and common area leasing services).

- **Market positioning consultancy and tenant sourcing services.** The Group provides market positioning consultancy and tenant sourcing services to property developers and property owners, including market positioning and management consultancy services and tenant sourcing services.

As of 31 December 2024, the Group:

- had 85 (31 December 2023: 91) contracted commercial projects, with a contracted GFA of 7.4 million sq.m. (31 December 2023: 7.8 million sq.m.); and

- had 78 (31 December 2023: 77) commercial projects under management, with a GFA under management of 6.7 million sq.m. (31 December 2023: 5.9 million sq.m.).

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth the change in the Group's number of contracted commercial projects and commercial projects under management as of the dates indicated.

	As of 31 December 2024		As of 31 December 2023	
	Contracted projects	Projects under management	Contracted projects	Projects under management
Commercial projects	**85**	**78**	91	77

The table below sets forth the Group's contracted GFA and GFA under management in its commercial projects as of the dates indicated.

	As of 31 December 2024		As of 31 December 2023	
	Contracted GFA (sq.m. in thousands)	GFA under management (sq.m. in thousands)	Contracted GFA (sq.m. in thousands)	GFA under management (sq.m. in thousands)
Commercial projects	**7,435**	**6,657**	7,788	5,940

For the Year, the average management fee for office buildings and shopping malls was RMB20.0/sq.m./month (Previous Year: RMB19.7/sq.m./month) and RMB25.6/sq.m./month (Previous Year: RMB35.7/sq.m./month), respectively.

The table below sets forth the Group's average property management fee at commercial projects for the periods indicated.

	Year ended 31 December	
	2024 (RMB/sq.m./month)	2023 (RMB/sq.m./month)
Office buildings	**20.0**	19.7
Shopping malls	**25.6**	35.7

FINANCIAL REVIEW

REVENUE

For the Year, the Group's revenue amounted to RMB3,868.2 million (Previous Year: RMB3,223.6 million), representing a year-on-year increase of 20.0%.

The table below sets forth a breakdown of the Group's revenue by business segment for the years indicated.

	Year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Non-commercial property management and value-added services	**3,134,236**	**81.0**	2,630,117	81.6
Commercial property management and operational services	**733,916**	**19.0**	593,514	18.4
Total	**3,868,152**	**100.0**	3,223,631	100.0

The table below sets forth the breakdown of the Group's revenue by type of ultimate paying customer for the years indicated.

	Year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
GZYX, Yuexiu Property and their respective joint ventures, associates or other related parties [(1)]	**1,462,947**	**37.8**	1,298,583	40.3
Independent third parties [(2)]	**2,405,205**	**62.2**	1,925,048	59.7
Total	**3,868,152**	**100.0**	3,223,631	100.0

Notes:

(1) *Comprise Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團股份有限公司) ("**GZYX**"), Yuexiu Property Company Limited (Stock code: 123) ("**Yuexiu Property**"), both being the controlling shareholders (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) of the Company, and their respective joint ventures, associates or other related parties.*

(2) *Comprise entity or person who is not a connected person (as defined in the Listing Rules) of the Company ("**Independent Third Parties**").*

MANAGEMENT DISCUSSION AND ANALYSIS

During the Year, the Group generally provided property management services to Independent Third Party customers – who were property owners, residents, tenants, property owners' associations and property developers after the delivery of properties by property developers which were GZYX and Yuexiu Property and their respective joint ventures, associates or other related parties or Independent Third Parties. During the Year, the Group's revenue received from GZYX, Yuexiu Property and their respective joint ventures, associates or other related parties amounted to RMB1,462.9 million, representing an increase by RMB164.3 million or 12.7% as compared to RMB1,298.6 million for the Previous Year. Such increase was mainly attributable to the further and deeper business cooperation in diversified businesses such as the provision of intelligence services.

The table below sets forth the geographical breakdown of the Group's revenue for the years indicated.

	Year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Mainland China	**3,766,996**	**97.4**	3,136,431	97.3
Hong Kong	**101,156**	**2.6**	87,200	2.7
Total	**3,868,152**	**100.0**	3,223,631	100.0

(I) Non-commercial property management and value-added services

For the Year, revenue from non-commercial property management and value-added services amounted to RMB3,134.2 million (Previous Year: RMB2,630.1 million), representing a year-on-year increase of 19.2%. The increase was mainly attributable to the following factors:

(i) the number of non-commercial projects under its management increased to 359 and the GFA under management increased to 62.7 million sq.m., as of 31 December 2024;

(ii) revenue from value-added services to non-property owners increased slightly from RMB669.3 million for the Previous Year to RMB680.8 million for the Year, remaining basically stable; and

(iii) revenue from community value-added services increased from RMB931.8 million for the Previous Year to RMB1,217.2 million for the Year, representing an increase of 30.6%. Such increase was mainly attributable to the increase in customer base as a result of the expansion of GFA under management of non-commercial properties and the diversification of community user services offered to customers.

The table below sets forth the breakdown of the Group's revenue from this business segment by type of services for the years indicated.

	Year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Property management services	**1,236,278**	**39.4**	1,029,024	39.1
Value-added services to non-property owners	**680,808**	**21.7**	669,295	25.5
Community value-added services	**1,217,150**	**38.9**	931,798	35.4
Total	**3,134,236**	**100.0**	2,630,117	100.0

(II) Commercial property management and operational services

For the Year, revenue from commercial property management and operational services amounted to RMB733.9 million (Previous Year: RMB593.5 million), representing a year-on-year increase of 23.7%. The increase was mainly attributable to the increase in number of commercial projects under its management to 78 and the GFA under management to 6.7 million sq.m. as of 31 December 2024.

The table below sets forth the breakdown of the Group's revenue from this business segment by type of services for the years indicated.

	Year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Commercial operation and management services	**630,404**	**85.9**	486,174	81.9
Market positioning consultancy and tenant sourcing services	**103,512**	**14.1**	107,340	18.1
Total	**733,916**	**100.0**	593,514	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

COST OF SALES

The Group's cost of sales represents costs and expenses directly attributable to the provision of its services, which mainly comprises staff costs, subcontracting costs, cost of goods sold, maintenance costs and depreciation and amortisation.

For the Year, the Group's cost of sales was RMB2,966.5 million (Previous Year: RMB2,367.0 million), representing a year-on-year increase of 25.3%. The increase in cost of sales was mainly attributable to the expansion of the GFA under management and business scale during the Year. The cost of sales grew at a faster rate than revenue, primarily driven by a decline in high-margin value-added services, including carpark space sales assistance services and sales office and display unit management services, as a result of the ongoing property market adjustment.

For the Year, staff costs under cost of sales amounted to RMB915.9 million (Previous Year: RMB827.6 million), representing a year-on-year increase of 10.7%.

GROSS PROFIT AND GROSS PROFIT MARGIN

The following table sets forth the Group's gross profit and gross profit margin by business segments for the years indicated.

	Year ended 31 December			
	2024		2023	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Non-commercial property management and value-added services				
– Property management services	185,295	15.0	165,397	16.1
– Value-added services to non-property owners	151,141	22.2	198,547	29.7
– Community value-added services	350,362	28.8	304,587	32.7
Sub-total	686,798	21.9	668,531	25.4
Commercial property management and operational services				
– Commercial operation and management services	173,441	27.5	143,023	29.4
– Market positioning consultancy and tenant sourcing services	41,377	40.0	45,073	42.0
Sub-total	214,818	29.3	188,096	31.7
Total	901,616	23.3	856,627	26.6

The overall gross profit margin of the Group is primarily affected by its business mix, average property management fee rates it charges for property management services, geographic concentration of GFA under management and cost control capabilities. The Group's gross profit increased from RMB856.6 million for the Previous Year to RMB901.6 million for the Year. The overall gross profit margin of the Group decreased from 26.6% for the Previous Year to 23.3% for the Year, which was mainly due to the decrease in the gross profit margin for value-added services.

The gross profit margin for non-commercial property management and value-added services decreased from 25.4% for the Previous Year to 21.9% for the Year, of which: (i) the gross profit margin for property management services decreased slightly by 1.1 percentage points; (ii) the gross profit margin for value-added services to non-property owners decreased by 7.5 percentage points, primarily attributable to the industry-wide slowdown in real estate development, resulting in reduced demand for high-margin value-added services for non-property owners, including carpark space sales assistance services and sales office and display unit management services; and (iii) the gross profit margin for community value-added services decreased by 3.9 percentage points as a result of the change in its business structure.

The gross profit margin for commercial property management and operational services decreased from 31.7% for the Previous Year to 29.3% for the Year, primarily due to a slight decline in the average management fee of commercial projects for the Year, as well as the increased cost investments made by the Group to improve the occupancy rate.

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group mainly comprise staff costs, consultancy fees, depreciation and amortisation charges, travelling and entertainment expenses, and bank charges. For the Year, administrative expenses of the Group amounted to RMB296.4 million, representing an increase of 6.1% as compared to that of RMB279.3 million for the Previous Year, which was mainly due to the Group's business expansion, relocation of headquarters in the mainland China and new investments in intelligence, safety and health and other related aspects.

OTHER INCOME AND GAINS, NET

Other income and gains, net of the Group primarily consist of interest income from bank deposits, government grants and net foreign exchange gains and losses. For the Year, other income and gains of the Group amounted to RMB114.0 million (Previous Year: RMB122.2 million), of which interest income from bank deposits amounted to RMB106.7 million (Previous Year: RMB106.9 million), remaining basically stable.

MANAGEMENT DISCUSSION AND ANALYSIS

INCOME TAX EXPENSES

For the Year, income tax expenses of the Group were RMB176.7 million (Previous Year: RMB187.3 million).

PROFIT FOR THE YEAR

For the Year, net profit of the Group amounted to RMB285.8 million (Previous Year: RMB499.9 million), representing a year-on-year decrease of 42.8%. Net profit margin for the Year was 7.4%, representing a decrease of 8.1 percentage points as compared to that of 15.5% for the Previous Year, mainly attributable to the impairment of goodwill incurred by the Group during the Year.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

During the Year, profit attributable to owners of the Company was RMB352.9 million (Previous Year: RMB487.0 million), representing a year-on-year decrease of 27.5%.

Core net profit representing the profit attributable to owners of the Company excluding the effect of impairment of goodwill was RMB512 million, representing a year-on-year increase of 5.1%.

BASIC EARNINGS PER SHARE

In the Year, basic earnings per share attributable to the owners of the Company (based on the weighted average number of ordinary shares in issue) amounted to RMB0.23 (Previous Year: RMB0.32).

FINAL DIVIDEND

The Board has proposed the payment of a final dividend of HKD0.083 per share (equal to RMB0.078 per share) for the Year (2023: HKD0.087 per share which was equivalent to RMB0.079 per share). Together with the interim dividend of HKD0.100 per share which was equivalent to approximately RMB0.091 per share, total dividends for the year ended 31 December 2024 amounted to HKD0.183 per share which was equivalent to approximately RMB0.169 per share. The record date for the Shareholders' entitlement to the final dividend will be on Thursday, 26 June 2025, and the payment date for the final dividend will be on or about Tuesday, 8 July 2025, subject to the approval of Shareholders at the forthcoming annual general meeting of the Company. Dividends payable to Shareholders will be paid in Hong Kong dollars. The exchange rate adopted by the Company for its dividend payable is the average middle exchange rate of HKD against RMB announced by the People's Bank of China in the five business days preceding the date of dividend declaration.

INTANGIBLE ASSETS

Intangible assets of the Group primarily consist of goodwill, customer relationships and computer software. Intangible assets of the Group decreased from RMB332.9 million as of 31 December 2023 to RMB85.4 million as of 31 December 2024, mainly due to the impairment of goodwill amounted to approximately RMB236.9 million during the Year.

The goodwill arose from the acquisition of Guangzhou Metro Environmental Engineering Co., Ltd. ("GZMEE") and its subsidiary, Guangzhou Metro Property Management Co., Ltd. ("GZMPM", collectively, the "GZMEE Group") in 2020 with carrying amounts of RMB253.3 million. Goodwill arising from the acquisition of the GZMEE Group is monitored by the management at the level of non-commercial property management and value-added services segment. Goodwill has been assessed based on the related cash-generating unit ("CGU") for impairment testing.

The carrying amount of the GZMEE Group CGU which belonged to the non-commercial property management and value-added services segment, was impaired by RMB236.9 million during the Year. GZMEE Group substantially achieved the revenue and net profit forecasts in the Year. The impairment in 2024 was mainly attributable to the expected decline in GZMEE Group's revenue and gross profit starting from 2025 due to business activities with related parties, including discontinuation of certain services and the lower gross profit margin in certain new and renewed contracts. The above expected decline is in line with prevailing market sentiments and the expected stringent cost controls deployed by domestic property developers.

As the Group holds 67% equity of the GZMEE Group, such impairment was included in the calculation of the profit attributable to owners of the Company according to the proportion of equity interest, but was excluded in the calculation of the core net profit. The impairment of goodwill was a non-cash item and did not have an impact on the Group's cash flows and liquidity position as of 31 December 2024.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As of 31 December 2024, the Group had financial assets at fair value through other comprehensive income of RMB32.8 million (31 December 2023: RMB33.6 million), which comprised the Group's investments in:

(i) 5% equity interests of Guangzhou Construction & Development Property Holdings Mingte Network Development Co., Ltd. (廣州市城建開發集團名特網絡發展有限公司), which is principally engaged in development and installation of intelligence management systems and information management systems and services;

(ii) 10% equity interests of Guangzhou Yuetou Commercial Factoring Co., Ltd. (廣州越投商業保理有限公司), which is principally engaged in provision of commercial factoring and other related financial services in the PRC; and

(iii) 10% equity interests of Guangzhou Yuebang Enterprise Management Co., Ltd. (廣州越邦企業管理有限公司), which is principally engaged in provision of human resources services, labour dispatch services and other related services.

TRADE RECEIVABLES

The Group's trade receivables increased to RMB773.4 million as of 31 December 2024 from RMB573.5 million as of 31 December 2023, representing an increase of 34.8%, which was mainly attributable to the continuous expansion of the Group's business scale. The growth in aged receivables is primarily attributable to the receivables generated from commission income of carpark space sales assistance services, which are only collectible upon full settlement by clients who have purchased carpark spaces.

OTHER RECEIVABLES

The Group's other receivables mainly comprise property management costs recoverable, payments on behalf of residents and tenants and guarantee deposits paid in relation to the provision of property management services. The Group's other receivables increased to RMB498.5 million as of 31 December 2024 from RMB393.2 million as of 31 December 2023, representing an increase of 26.8%, mainly due to the growth of business scale.

MANAGEMENT DISCUSSION AND ANALYSIS

TRADE AND BILLS PAYABLES

The Group's trade and bills payables increased to RMB651.5 million as of 31 December 2024 from RMB399.3 million as of 31 December 2023, representing an increase of 63.2%, mainly due to the continuous business expansion of the Group and the adjustments to its payment schedules. The aged trade payables primarily consist of quality assurance retention deposits required for engineering business operations.

OTHER PAYABLES

The Group's other payables primarily consist of advances received from property owners and tenants for settlement of costs to be incurred in relation to property management services provided under a commission basis, and performance guarantee deposits received from other service providers and renovation and utility security deposits received from property owners and tenants, accrued payroll liabilities and other tax payables. The Group's other payables as of 31 December 2023 and 31 December 2024 were RMB1,362.6 million and RMB1,380.5 million, respectively. The increase in the Group's other payables was mainly due to business expansion during the Year.

LIQUIDITY AND CAPITAL RESOURCES

The Group finances its working capital mainly by its cash and cash equivalents, cashflows from its operating activities and a portion of the proceeds from the Global Offering (as defined below). The Group has adopted comprehensive treasury policies and internal control measures to review and monitor its financial resources and has consistently maintained stable financial condition and sufficient liquidity.

As of 31 December 2024, the Group's cash and cash equivalents and time deposits amounted to RMB4,701.9 million (31 December 2023: RMB4,704.3 million).

As of 31 December 2024, the Group had no bank borrowings (31 December 2023: Nil) or loans from related parties (31 December 2023: Nil) or non-trade amounts due to related parties (31 December 2023: Nil).

The gearing ratio is calculated based on total bank borrowings divided by total equity, multiplied by 100%. Since the Group had no bank borrowings as of 31 December 2023 and 31 December 2024, the gearing ratios as of both aforesaid dates were nil.

PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by way of global offering (the "**Global Offering**") on 28 June 2021 (the "**Listing Date**"). Pursuant to the Global Offering, 369,660,000 shares were issued on the Listing Date and 43,410,500 additional shares were issued on 26 July 2021 according to the partial exercise of the over-allotment option (the "**Over-allotment Option**") as described in the prospectus of the Company dated 16 June 2021.

After deducting the underwriting fees and commissions, incentive fee and other relevant expenses, the net proceeds from the Global Offering and the exercise of the Over-allotment Option amounted to HKD1,961.3 million (equivalent to RMB1,632.0 million). At the end of 2023, after careful consideration and detailed evaluation by the Company of the operations and business strategy, the Company had announced the change in intended use of the unutilised proceeds as at the end of 2023. As of 31 December 2024, details of the use of the proceeds subsequent to the change in use are as follows:

Category	Intended use of unutilised proceeds up to 31 December 2023 RMB'000	Percentage of total proceeds %	Actual use of proceeds up to 31 December 2024 RMB'000	Unutilised proceeds up to 31 December 2024 RMB'000	Expected timeline for the intended use
Strategic acquisitions and investments	505,028	35	4,675 *(Note 1)*	500,353	By end of 2026
Further development of the Group's value-added services	288,587	20	172,725	115,862	By end of 2026
Developing information technology systems and smart communities	216,441	15	85,314	131,127	By end of 2026
Promoting ESG development	144,294	10	41,635	102,659	By end of 2026
Replenishing working capital and for general corporate purposes	288,587	20	93,172	195,415	By end of 2026
Total	1,442,937	100	397,521	1,045,416	

Note:

(1) The Group had been actively identifying suitable acquisition opportunities during the Year and had used part of the funds to pursue and conduct feasibility studies and due diligence on potential acquisition targets.

The unutilised proceeds are expected to be utilised in accordance with the purposes set out in the amended resolution and are currently held as bank deposits denominated in RMB as the conversion to RMB of which has been basically completed.

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As of 31 December 2024, no assets of the Group were pledged as securities for liabilities.

MAJOR ACQUISITION AND DISPOSALS

During the Year, the Company did not have any major acquisition or disposal of subsidiaries and associates.

MAJOR INVESTMENTS

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

CONTINGENT LIABILITIES

As of 31 December 2024, the Group did not have any material contingent liabilities.

CAPITAL COMMITMENT AND CAPITAL EXPENDITURE

As of 31 December 2024, the Group did not have any capital commitment.

The Group's capital expenditure for the year 2025 is expected to be financed by proceeds from the Global Offering and working capital generated from the operating activities of the Group.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognises its employees as valuable assets, and strives to continue to be an attractive employer for committed employees. The Group is committed to motivating its employees with a clear career path and trainings for advancement and improvement of their skills. As at 31 December 2024, the Group had a total of 10,422 full time employees in the PRC and Hong Kong, the PRC. Total staff costs for the Year amounted to RMB1,120.1 million.

The Group regularly reviews remuneration and benefits of its employees according to market practice and the relevant employee's performance. The Group also (in accordance with applicable laws) provides various insurance coverage (including pension insurance, medical insurance, unemployment insurance, maternity insurance and occupational injury insurance), housing provident funds (in the PRC) and mandatory provident funds (in Hong Kong, the PRC) for its employees. The Group has also implemented various talent development and acquisition policies, in order to recruit and retain high-quality employees and their expertise and experience. For example, the "Yuexiu Property Management Training & Development Academy (越秀物業培訓發展學院)" provides employees with various comprehensive training sessions and courses, including management skill enhancement, qualification test tutoring and professional skill training.

The Group also understands that it is important to maintain good relationship with its suppliers and customers to fulfil its immediate and long-term goals. To maintain its competitiveness, the Group aims at delivering quality services to its customers while encouraging customers' active feedback.

During the Year, there was no material and significant dispute between the Group and its suppliers, subcontractors and/or customers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") POLICY

The Board attaches great importance to sustainability management. In accordance with the requirements of the Environmental, Social and Governance Reporting Guide set out in Appendix C2 (formerly known as Appendix 27) to the Listing Rules, the Company has established an effective sustainability management system, improved the Group's sustainability governance structure and strengthened the supervision and participation of the Board in the Group's ESG affairs.

The Board, as the highest governing body of the Group, takes the full responsibility for its ESG affairs. In March 2022, the ESG committee of the Company (the "**ESG Committee**") chaired by the chairman of the Board and staffed by the chief executive officer of the Company (the "**Chief Executive Officer**") and the independent non-executive Directors was established. The ESG Committee is authorised by the Board to be responsible for the setting of the Group's ESG vision, goals, strategies and framework, as well as the management of the overall ESG performance. In addition, an ESG leading group is formed under the ESG Committee, with the Chief Executive Officer as the leader and the relevant functional departments leaders as the group members, and is responsible for coordinating and supervising the implementation of ESG management, and periodically reporting ESG performance to the ESG Committee.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CORPORATE GOVERNANCE REPORT

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CORPORATE GOVERNANCE PRACTICES

The Company has always recognised the importance of maintaining a robust system of corporate governance and is committed to continuously improving its corporate governance and disclosure practices. During the Year, the Company has complied with all code provisions as set out in Part 2 of Appendix C1 (formerly known as Appendix 14) to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in Appendix C3 (formerly known as Appendix 10) to the Listing Rules as the code of conduct for the Directors in their dealings in the Company's securities. Having made specific enquiries with each Director, the Company confirmed that the Directors had complied with the required standard as set out in the Model Code during the Year.

BOARD OF DIRECTORS

The Board, which was chaired by Mr. Lin Feng (resigned on 24 April 2024), and subsequently Mr. Zhu Huisong (appointed on 24 April 2024) during the Year, consists of three executive Directors, three non-executive Directors and three independent non-executive Directors. The composition of the Board ensures a balance of skills and experience appropriate for the requirements of the business of the Group and the exercising of independent opinion.

Unless otherwise stated below, the Directors in office during the Year and up to the date of this report (20 March 2025) were as follows:

NON-EXECUTIVE DIRECTORS

Mr. Lin Feng (Chairman of the Board) (resigned on 24 April 2024)
Mr. Zhu Huisong (Chairman of the Board) (appointed on 24 April 2024)
Mr. Yao Xiaosheng (resigned on 11 September 2024)
Mr. Zhang Jianguo (redesignated on 11 September 2024)
Mr. Yang Zhaoxuan

EXECUTIVE DIRECTORS

Mr. Zhang Jianguo (redesignated on 11 September 2024)
Mr. Wang Jianhui (appointed on 11 September 2024)
Mr. Zhang Chenghao
Mr. Zhang Jin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hung Shing Ming
Ms. Hui Lai Kwan
Mr. Leung Yiu Man

APPOINTMENT AND RE-ELECTION OF DIRECTORS DURING THE YEAR AND UP TO THE DATE OF THIS REPORT

Mr. Lin Feng resigned as a non-executive Director and the Chairman of the Board on 24 April 2024 and on the same date, Mr. Zhu Huisong was appointed as a non-executive Director and the Chairman of the Board.

Mr. Yao Xiaosheng resigned as a non-executive Director on 11 September 2024 and on the same date, Mr. Zhang Jianguo was redesignated from an executive Director to a non-executive Director and resigned as the Chief Executive Officer, Mr. Wang Jianhui was appointed as an executive Director and the Chief Executive Officer.

Mr. Zhu Huisong and Mr. Wang Jianhui, who were appointed to the Board on 24 April 2024 and 11 September 2024 respectively, had obtained legal advice from an external law firm as regards the requirements under the Listing Rules that are applicable to them as directors of a listed company and the possible consequences of making a false declaration or giving false information to the Stock Exchange, as required under Rule 3.09D of the Listing Rules on 21 April 2024 and 3 September 2024 respectively. Each of them has confirmed his understanding of the obligations as a Director of the Company.

Regarding the details of service contracts of the executive Directors, Mr. Zhang Jin entered into a service contract with the Company for an initial term of three years commencing from the Listing Date and renewable automatically for successive terms of one year each; and Mr. Wang Jianhui and Mr. Zhang Chenghao each entered into a service contract with the Company for an initial term of three years commencing from 11 September 2024 and 28 August 2023, respectively.

Regarding the details of letters of appointment of the non-executive Directors, Mr. Yang Zhaoxuan entered into a letter of appointment with the Company for an initial term of three years commencing from the Listing Date and the appointment shall continue upon the expiry of the initial term until terminated by either party serving to the other not less than three months' prior notice in writing; and Mr. Zhang Jianguo and Mr. Zhu Huisong entered into a letter of appointment with the Company for an initial term of three years commencing from 11 September 2024 and 24 April 2024, respectively.

In compliance with Rules 3.10 and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors (representing one-third of the Board), one of whom possesses the appropriate professional qualifications in accounting and financial management. Each of the independent non-executive Directors has (i) confirmed his/her independence of the Company and the Company considers each of them to be independent in accordance with the guidelines of assessing independence as set out in Rule 3.13 of the Listing Rules; and (ii) entered into a letter of appointment with the Company for a fixed term of one year and renewable automatically, subject to certain circumstances as stipulated in the said letter of appointment and the provisions of the articles of association of the Company (the "**Articles of Association**") with regard to removal and retirement by rotation of Directors.

Pursuant to article 110 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following annual general meeting of the Company (the "**AGM**") and shall then be eligible for re-election at that meeting, provided that any Director who so retires shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

CORPORATE GOVERNANCE REPORT

Pursuant to article 111(a) of the Articles of Association, at each AGM, one-third of the Directors for the time being (excluding the Directors eligible for re-election at that meeting pursuant to article 110 of the Articles of Association), or, if their number is not three or a multiple of three, then the number nearest to but greater than one-third, shall retire from office by rotation; subject to the provisions of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) ("**Companies Ordinance**"), the Listing Rules and the Articles of Association, the Directors to retire in every year shall be those who have been longest in office since their last election, and as between persons who became Directors on the same day, the Directors to retire shall (unless they otherwise agree between themselves) be determined by lot; and every Director, including those appointed for a specific term, shall be subject to retirement at least once every three years.

Therefore, in accordance with the Articles of Association, (i) Mr. Zhang Jianguo (a non-executive Director), Mr. Hung Shing Ming (an independent non-executive Director) and Ms. Hui Lai Kwan (an independent non-executive Director) will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM; and (ii) Mr. Wang Jianhui (an executive Director) will hold office until the forthcoming AGM and being eligible, offer himself for re-election at the forthcoming AGM.

All Directors have given sufficient time and attention to the affairs of the Group and in particular, the independent non-executive Directors have provided the Board with their diversified expertise and professional advice. The Board is of the view that there is a balanced composition of executive, non-executive and independent non-executive Directors in the Board and the independent non-executive Directors are able to provide sufficient checks and balances to safeguard the interests of the Group and the Shareholders. The participation of the independent non-executive Directors in the Board and committee meetings also provides independent judgment on the issues relating to strategy, policy, performance, accountability, conflict of interest and standards of conduct.

The Board members have access to timely information relating to the Group's business and will be provided with further documents and information upon request to enable them to make informed decisions. Independent professional advice can be sought to discharge their duties at the Group's expense upon their request. The Company has subscribed appropriate and sufficient insurance coverage on Directors' liabilities in respect of legal actions taken against Directors arising out of corporate activities.

To the best knowledge of the Board, there is no financial, business, family or other material/relevant relationship(s) between the members of the Board.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and financial performance. The Board is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management. To oversee particular aspects of the Company's affairs, the Board has established five Board committees, including the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**"), the nomination committee (the "**Nomination Committee**"), the investment committee (the "**Investment Committee**") and the environmental, social and governance committee (the "**ESG Committee**") (collectively, the "**Board Committees**"). The Board has delegated various responsibilities to the relevant Board Committees. All Directors shall ensure that they carry out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders at all times.

BOARD INDEPENDENCE

The Company recognises that Board independence is essential in good corporate governance and the effectiveness of the Board. The Board has established mechanisms to ensure that independent views and input are available from the Board in order to enhance an objective and effective decision making.

The following mechanisms are reviewed annually by the Board, through the Nomination Committee, to ensure their effectiveness:

1. Three out of the nine Directors are independent non-executive Directors, which complies with the requirements of the Listing Rules that the Board must have at least three independent non-executive Directors and the number of independent non-executive Directors represents at least one-third of the Board.

2. The Nomination Committee will assess the independence, qualification and time commitment of a candidate who is nominated to be a new independent non-executive Director before appointment and also the continued independence of existing independent non-executive Directors annually.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS AND GENERAL MEETINGS

The Board holds meetings regularly and meets at other times as and when required to review financial, internal and compliance controls, risk management, company strategy and operating performance of the Group. In addition, the Board holds general meetings to maintain communication with the Shareholders.

During the Year, four Board meetings, two Audit Committee meetings, one Remuneration Committee meeting, one Nomination Committee meeting, two ESG Committee meetings, one Investment Committee meeting as well as two general meetings were held. The attendance of the individual Directors at the relevant meetings is set out in the table below:

	Attendance/Number of Meetings						
Directors	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	ESG Committee meeting	Investment Committee meeting	General meeting
Mr. Lin Feng *(Note 1)*	1/1	N/A	1/1	1/1	1/1	N/A	N/A
Mr. Zhu Huisong *(Note 1)*	3/3	N/A	N/A	N/A	1/1	1/1	2/2
Mr. Zhang Jianguo *(Note 2)*	4/4	N/A	N/A	1/1	2/2	1/1	2/2
Mr. Wang Jianhui *(Note 2)*	1/1	N/A	N/A	N/A	N/A	N/A	1/1
Mr. Zhang Chenghao	4/4	N/A	N/A	N/A	N/A	1/1	2/2
Mr. Zhang Jin	4/4	N/A	N/A	N/A	N/A	1/1	2/2
Mr. Yao Xiaosheng *(Note 2)*	3/3	N/A	N/A	N/A	N/A	1/1	1/1
Mr. Yang Zhaoxuan	4/4	N/A	N/A	N/A	N/A	1/1	2/2
Mr. Hung Shing Ming	4/4	2/2	1/1	1/1	2/2	1/1	2/2
Ms. Hui Lai Kwan	4/4	2/2	1/1	1/1	2/2	N/A	2/2
Mr. Leung Yiu Man	4/4	2/2	1/1	1/1	2/2	N/A	2/2

Notes:

1. Mr. Lin Feng resigned as a non-executive Director on 24 April 2024 and on the same date, Mr. Zhu Huisong was appointed as a non-executive Director.

2. Mr. Yao Xiaosheng resigned as a non-executive Director on 11 September 2024 and on the same date, Mr. Zhang Jianguo was redesignated from an executive Director to a non-executive Director, and Mr. Wang Jianhui was appointed as an executive Director.

For Board meetings and Board Committee meetings, reasonable notices are generally given to the relevant Directors. The agenda and accompanying Board papers are provided to the relevant Directors at least three days before the Board meetings or Board Committee meetings to ensure that the Directors have sufficient time to review the papers and are adequately prepared for the Board meetings or Board Committee meetings. Management has supplied the Board and its committees with adequate information and explanations so as to enable them to make an informed assessment of the financial and other information put before the Board and its committees for approval. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the relevant meeting prior to the meeting.

Minutes of the Board meetings and Board Committee meetings shall be kept by the company secretary. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting has been held. The minutes of the Board meetings are open for inspection by all Directors. Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail on the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors.

Should a Director have a potential conflict of interest in a matter being considered in the Board meeting, the Articles of Association also contain provisions requiring Directors to (subject to certain exceptions) abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their close associates are to their knowledge materially interested. Independent non-executive Directors with no conflict of interest will be present at meetings to deal with such issues.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the Year, the position of the chairman of the Board was held by Mr. Lin Feng (resigned on 24 April 2024), and subsequently Mr. Zhu Huisong (appointed on 24 April 2024) while the position of the Chief Executive Officer was held by Mr. Zhang Jianguo (redesignated on 11 September 2024), and subsequently Mr. Wang Jianhui (appointed on 11 September 2024).

The chairman of the Board provides leadership for the Board and is primarily responsible for ensuring the Board works effectively and performs its responsibilities in accordance with good corporate governance practices and procedures. The chairman of the Board is also primarily responsible for drawing up and approving the agenda for each Board meeting. With the support of the senior management, the chairman is also responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

The Chief Executive Officer is responsible for overseeing the overall management, formulation and implementation of business strategies (including acquisition plans) of the Group.

DIRECTORS' TRAINING

The Corporate Governance Code requires all Directors to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, all Directors and members of senior management are encouraged to participate in continuous professional development relating to the Listing Rules, Companies Ordinance and corporate governance practices to continuously update and further improve their relevant knowledge and skills. From time to time, the Directors are provided with written training materials to develop and refresh their professional knowledge and skills.

In addition, every newly appointed Director will receive a comprehensive, formal and tailored induction upon appointment, where he or she will receive briefing and professional development necessary to ensure that he or she has a proper understanding of the operations and business of the Company, and that he or she is fully aware of his or her responsibilities under relevant laws, the Listing Rules, other legal and regulatory requirements as well as the business and governance policies of the Company.

CORPORATE GOVERNANCE REPORT

According to the records maintained by the Company, the Directors received trainings in the following areas:

	Relating to responsibilities under and updates on laws, rules & regulations, corporate governance matters and anti-corruption	
	Read materials	Attended seminars/ trainings/ briefings
Non-executive Directors		
Mr. Lin Feng (Chairman of the Board) (resigned on 24 April 2024)	✓	✓
Mr. Zhu Huisong (Chairman of the Board) (appointed on 24 April 2024)	✓	✓
Mr. Yao Xiaosheng (resigned on 11 September 2024)	✓	✓
Mr. Zhang Jianguo (redesignated on 11 September 2024)	✓	✓
Mr. Yang Zhaoxuan	✓	✓
Executive Directors		
Mr. Zhang Jianguo (redesignated on 11 September 2024)	✓	✓
Mr. Wang Jianhui (appointed on 11 September 2024)	✓	✓
Mr. Zhang Chenghao	✓	✓
Mr. Zhang Jin	✓	✓
Independent non-executive Directors		
Mr. Hung Shing Ming	✓	✓
Ms. Hui Lai Kwan	✓	✓
Mr. Leung Yiu Man	✓	✓

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility to prepare and present a balanced, clear and understandable assessment of the Group's performance, position and prospects in the consolidated financial statements of the annual and interim reports in accordance with statutory requirements, and applicable accounting standards. Pursuant to the Corporate Governance Code, management should provide such explanation and information to the Board that will enable the Board to make an informed assessment of the financial and other information put before the Board for approval. The Directors confirmed that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern.

In preparing the financial statements for the Year, the Directors had selected appropriate accounting policies and applied them consistently, and had made judgments and estimates that were prudent and reasonable.

The Group had announced its annual and interim results in a timely manner within the limits of three months and two months respectively after the end of the relevant financial periods, as laid down in the Listing Rules.

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 96 to 102.

For the Year, the external independent auditor's remuneration to the Group's auditor in respect of audit and non-audit services provided to the Group amounted to approximately RMB1.5 million and RMB0.7 million. The non-audit service fees paid/payable to the external independent auditor were for advice on interim review and other reporting services.

RISK MANAGEMENT AND INTERNAL CONTROL

Further details of the Group's risk management measures and internal control system are set out in the "Risk Management Report" on pages 90 to 95.

INSIDE INFORMATION

The Group is aware of its obligations under the Securities and Futures Ordinance (Chapter 571 of laws of Hong Kong) ("**SFO**") and the Listing Rules. With respect to the procedures and internal controls for the handling and dissemination of inside information, the Company has formulated guidelines on management and disclosure of inside information, and has raised the attention of the Directors, senior management and relevant employees who may have access to sensitive information to the same which are required to comply with the relevant procedures, monitor information disclosure and respond appropriately to enquiries. The Company also provided inside information explanation and reminders from time to time to the Directors and senior management of the Company to ensure that all relevant facts and circumstances that may have a material effect on the share price of the Company are assessed in a timely manner and that any material information which comes to the knowledge of any one or more officers of the Group be promptly identified, assessed and, if appropriate, escalated for the attention of the Board to determine whether a disclosure is required.

DIVIDEND POLICY

The Company may distribute dividends in the form of cash or by other means that it considers appropriate. Any proposed distribution of dividends shall be formulated by the Board and will be subject to the Shareholders' approval. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on a number of factors, including the Group's operation and earnings, capital requirements and surplus, financial condition, working capital requirements and other factors the Board may deem relevant. The Company intends to declare and distribute dividends on an annual basis of no less than 30% of its distributable net profit attributable to the Shareholders. However, the Company cannot assure Shareholders that the Company will declare or pay such or any amount of dividends for each or any year. Any declaration and payment as well as the amount of dividends will be subject to the constitutional documents of the Company and the relevant laws. Any future declarations of dividend may or may not reflect the historical declaration of dividends of the Company and will be at the discretion of the Board.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS

During the Year, the Board, assisted by five committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee, the Investment Committee and the ESG Committee, continued to assess business development needs of the Group and oversee the relevant aspects of the Group's affairs. The Board Committees were provided with sufficient resources to discharge their duties.

The Board as a whole is responsible for performing the corporate governance duties including:

a) to develop and review the Company's policies and practices on corporate governance;

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 develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

e) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

AUDIT COMMITTEE

The Audit Committee was established with terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. During the Year and up to the date of this report, the Audit Committee consisted of three members, namely Ms. Hui Lai Kwan, Mr. Hung Shing Ming and Mr. Leung Yiu Man. Ms. Hui Lai Kwan was the chairlady of the Audit Committee.

None of the members of the Audit Committee had acted as a member of the former or existing auditors of the Company. The Board is of the view that the members of the Audit Committee have sufficient accounting and financial management expertise and experience to discharge their duties. In addition, the Audit Committee has access to external legal or other independent professional advice if it considers necessary.

The Audit Committee has written terms of reference in accordance with the Corporate Governance Code. The responsibilities of the Audit Committee include but are not limited to:

— reviewing the financial information of the Company and its disclosure;

— supervising the financing reporting system and risk management and internal control system of the Company;

— improving the communication between the internal auditor and the external auditor;

— proposing the appointment, re-appointment or removal of an external auditor; and

— reviewing and supervising the independence and objectivity of the external auditor and the effectiveness of the auditing procedure in accordance with applicable standards.

During the Year, the Audit Committee held two meetings and conducted the following responsibilities:

1) reviewed the Group's annual results for the year ended 31 December 2023;

2) reviewed the Group's interim results for the six months ended 30 June 2024;

3) reviewed the audit findings of the external auditor;

4) reviewed the independence and objectivity of the new external auditor; and

5) made recommendations to the Board on the appointment and remuneration of the new external auditor.

The Audit Committee had also reviewed the risk management and internal control systems of the Group as well as considered and identified risks of the Group subsequent to 31 December 2024 and will continuously monitor the systems on a regular basis.

The Audit Committee also met with the external auditor in the absence of management to discuss matters relating to any issues arising from the audit and any other matters the external auditor might wish to raise.

The Company's annual results announcement dated 20 March 2025 for the Year was reviewed by the Audit Committee.

NOMINATION COMMITTEE

The Nomination Committee was established with written terms of reference in compliance with the Corporate Governance Code. During the Year and up to the date of this report, the Nomination Committee consisted of five members, namely Mr. Lin Feng (resigned on 24 April 2024), Mr. Zhu Huisong (appointed on 24 April 2024), Mr. Zhang Jianguo (redesignated on 11 September 2024), Mr. Wang Jianhui (appointed on 11 September 2024), Ms. Hui Lai Kwan, Mr. Hung Shing Ming and Mr. Leung Yiu Man. Mr. Lin Feng (resigned on 24 April 2024), Mr. Zhu Huisong (appointed on 24 April 2024) was the chairman of the Nomination Committee.

Among other things, the primary duties of the Nomination Committee are to (i) make recommendations to the Board regarding the candidates to fill vacancies on the Board and to review the structure, size and composition of the Board and the board diversity policy adopted by the Company (the "**Board Diversity Policy**") on a regular basis; and (ii) assess the independence of independent non-executive Directors.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board Diversity Policy. The Board Diversity Policy sets out the approach to achieve diversity on the Board in order to enhance the quality of its performance, which provides that the Company should endeavour to ensure that the Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy. Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. In order to ensure that the Board possesses experiences and skills relevant to its strategy and the ability and mindset to adapt to the constantly evolving geopolitical and economic environment, the Nomination Committee formulates the following measurable objectives: gender, age, length of service, professional experience, skills and knowledge, reviews the diversity of the Board and makes proposals to the Board if necessary.

During the Year, members of the Nomination Committee (i) reviewed the structure, size and composition (including, but not limited to, the skills, knowledge and experience) of the Board; (ii) reviewed the independence of the independent non-executive Directors; (iii) evaluated the Directors' time commitment and contribution for performing their duties; and (iv) made recommendations to the Board in respect of the appointment of Mr. Wang Jianhui as an executive Director and Mr. Zhu Huisong and Mr. Zhang Jianguo as non-executive Directors.

For the Year, the Company maintained an effective Board comprising members of different genders, professional backgrounds and industry experience. As of the date of this report, the Board comprises Directors from (i) different age groups (i.e. (a) 40-49 - five Directors; and (b) 50-59 - four Directors); (ii) different industries (such as real estate development, property management, corporate management, accounting and finance, investment and commercial banking); and (iii) different place of residence, including Mainland China and Hong Kong. Based on the foregoing, the composition and diversity of the Board enable the Group to benefit from diverse and objective external perspectives, on issues raised before the Board. For details of the biographies of the Directors, please refer to the section headed "Profiles of Directors and Senior Management" in this report.

The Company values gender diversity. As of the date of this report, the Board has eight male Directors and one female Director. The Nomination Committee and the Board will take opportunities to increase the proportion of female Directors on the Board over time when selecting and making recommendations on suitable candidates as Directors. Following a review of the Board's composition, expertise and experience, as well as its diversity, the Nomination Committee and the Board are of the view that the current Board composition is sufficiently diverse in terms of gender, skills and experience and therefore, are satisfied with the implementation and effectiveness of the Board Diversity Policy.

The Group has also taken, and continues to take, steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally open to all eligible employees without discrimination. Currently, the male to female ratio in the workforce of the Group including senior management is approximately 6,105 : 4,317. The Board considers that the gender diversity in the workforce is currently achieved.

During the Year, the Nomination Committee held one meeting.

REMUNERATION COMMITTEE

The Remuneration Committee was established with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. During the Year and up to this report, the Remuneration Committee consisted of four members, namely Mr. Lin Feng (resigned on 24 April 2024), Mr. Zhu Huisong (appointed on 24 April 2024), Ms. Hui Lai Kwan, Mr. Hung Shing Ming and Mr. Leung Yiu Man. Mr. Hung Shing Ming was the chairman of the Remuneration Committee.

Among other things, the primary duties of the Remuneration Committee are to (i) review, determine and make recommendations to the Board on the policy and structure for the remuneration payable to the Directors and senior management and making recommendations on employee benefit arrangements; (ii) review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; (iii) ensure that no Director or any of his associates (as defined in the Listing Rules) is involved in deciding his own remuneration; (iv) review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules; and (v) consider other matters that are related to remuneration paid or payable by the Group, as defined or assigned by the Board from time to time.

During the Year, members of the Remuneration Committee (i) reviewed the remuneration packages of the Directors and the senior management; and (ii) made recommendations to the Board in relation to the remuneration package of Mr. Zhu Huisong, Mr. Wang Jianhui and Mr. Zhang Jianguo.

During the Year, the Remuneration Committee held one meeting.

The amount of the executive Directors' remuneration is determined by the Remuneration Committee on the basis of the relevant executive Directors' experience, responsibility, workload and the time to be devoted to the Group. The entire Directors' remuneration is adjusted by the Remuneration Committee from time to time.

INVESTMENT COMMITTEE

The Investment Committee was established for the purposes of, among other things, assessing the performance of past investment projects of the Group, studying potential investment projects for the future development of the Group, and making recommendations to the Board accordingly.

During the Year and up to the date of this report, the Investment Committee consisted of three executive Directors, three non-executive Directors and one independent non-executive Director, namely, Mr. Lin Feng (resigned on 24 April 2024), Mr. Zhu Huisong (appointed on 24 April 2024), Mr. Wang Jianhui (appointed on 11 September 2024), Mr. Zhang Jianguo (redesignated on 11 September 2024), Mr. Zhang Chenghao, Mr. Zhang Jin, Mr. Yao Xiaosheng (resigned on 11 September 2024), Mr. Yang Zhaoxuan and Mr. Hung Shing Ming. Mr. Lin Feng (resigned on 24 April 2024), Mr. Zhu Huisong (appointed on 24 April 2024) was the chairman of the Investment Committee.

During the Year, the Investment Committee held one meeting.

CORPORATE GOVERNANCE REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

The ESG Committee was established on 3 March 2022. During the Year and up to the date of this report, the ESG Committee consisted of one executive Director, one non-executive Director and three independent non-executive Directors, namely, Mr. Lin Feng (resigned on 24 April 2024), Mr. Zhu Huisong (appointed on 24 April 2024), Mr. Zhang Jianguo (redesignated on 11 September 2024), Mr. Wang Jianhui (appointed on 11 September 2024), Mr. Hung Shing Ming, Ms. Hui Lai Kwan, and Mr. Leung Yiu Man. Mr. Lin Feng (resigned on 24 April 2024), Mr. Zhu Huisong (appointed on 24 April 2024) was the chairman of the ESG Committee.

The main duties of the ESG Committee include the following:

(a) to review, formulate and approve the Group's vision, goals, strategies and management policies regarding ESG issues, and make recommendations to the Board on the relevant ESG matters;

(b) to review and evaluate the adequacy and effectiveness of the management framework for ESG matters at the Group level;

(c) to review and monitor the Group's policies on ESG to ensure compliance with legal and regulatory requirements; and

(d) to review and report to the Board on major international trends in legislation, regulation of corporate ESG, identify and assess the ESG related risks and opportunities that have an impact on the Group's operation.

The ESG Committee shall report to the Board on their decisions or recommendations not less than once a year.

During the Year, the ESG Committee held two meetings and discussed, reviewed and approved the 2023 ESG report of the Company for the Board's consideration and other relevant matters, including the Group's ESG goals and performance.

COMPANY SECRETARY

Mr. Yu Tat Fung (余達峯) was appointed as the company secretary of the Company on 8 February 2021. He is responsible for company secretarial matters of the Group.

Mr. Yu has been the company secretary of Yuexiu Property and Yuexiu Transport Infrastructure Limited (listed on the Stock Exchange with stock code: 1052) since October 2004. He has been the company secretary and compliance manager of Yuexiu REIT Asset Management Limited, the manager of Yuexiu Real Estate Investment Trust (listed on the Stock Exchange with stock code: 405), since October 2005 and March 2010, respectively. Mr. Yu has also been the company secretary and group general counsel of Yue Xiu Enterprises (Holdings) Limited (越秀企業(集團) 有限公司) ("**YXE**"), a controlling Shareholder, since January 2014 and February 2017, respectively. Throughout the said positions, Mr. Yu has been responsible for advising respective board of directors on, among others, corporate governance and compliance matters.

Mr. Yu obtained a bachelor's degree in social sciences from The University of Hong Kong in November 1981. He attained the Solicitors' Final Examination in England in November 1983. Mr. Yu was admitted as a solicitor of the Supreme Court of Hong Kong in April 1986. He was also admitted to the Bar of the Province of British Columbia in Canada in February 1995.

Mr. Yu confirmed that he had taken no less than 15 hours of relevant professional training during the Year.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held each year at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called a general meeting.

PROCEDURES FOR SHAREHOLDERS TO CONVENE A GENERAL MEETING AND PUT FORWARD PROPOSALS THEREAT

Pursuant to section 566 of the Companies Ordinance, the Shareholders may request the Board to convene a general meeting of the Company. The Directors are required to call a general meeting if the Company has received requests to do so from Shareholders representing at least 5% of the total voting rights of all the Shareholders having a right to vote at general meetings. The request must state the general nature of the business to be handled at the meeting, and may contain the text of a resolution that may be properly proposed and intended to be proposed at the meeting. The request can be sent to the Company in hard copy or electronic form and must be authenticated by the person(s) making it.

Pursuant to section 567 of the Companies Ordinance, the Board shall convene a general meeting within 21 days after the date on which it becomes subject to this requirement. The meeting must be held within 28 days after the date of the notice convening the general meeting. If the Board fails to convene a meeting in accordance with the requirements, the Shareholders who request the convening of the general meeting or members who account for over half of the total voting rights of all Shareholders may convene a general meeting on their own. The general meeting shall be held within three months after the date on which the Directors become subject to the requirement to convene a meeting.

Pursuant to section 568 of the Companies Ordinance, if the Shareholders who request the convening of the general meeting have any reasonable expenses incurred by reason of the failure of the Board to properly convene the general meeting, such expenses are repayable by the Company.

PROPOSE RESOLUTIONS AT THE ANNUAL GENERAL MEETING OF THE COMPANY

Pursuant to section 615 of the Companies Ordinance, (a) at least 2.5% of the total voting rights of all Shareholders entitled to vote on the resolution at the annual general meeting of the Company to which the requests relate; or (b) at least 50 Shareholders entitled to vote on the resolution at the annual general meeting of the Company to which the requests relate may make written requests for the purpose of circulating the resolutions of the annual general meeting of the Company. The written request must: (a) be sent to the Company in hard copy or electronic form; (b) indicate the resolution to which the pending notice relates; (c) be authenticated by the person(s) making the request; and (d) be delivered to the Company no later than six weeks before the annual general meeting of the Company to which the request relates; or, should it be delivered to the Company after the above time, the time at which the notice of the annual general meeting of the Company is issued. For further details, please refer to sections 580 and 615 of the Companies Ordinance.

CORPORATE GOVERNANCE REPORT

PROCEDURES FOR RAISING ENQUIRIES

To ensure effective communication between the Board and the Shareholders:

1) Shareholders may direct their questions about their shareholdings to the Company's share registrar in Hong Kong.

2) Shareholders may at any time send their enquiries and concerns to the Board in writing to the Capital Market Department of the Company whose contact details are as follows:

   Capital Market Department
   Yuexiu Services Group Limited
   26/F, Yue Xiu Building
   160 Lockhart Road
   Wanchai
   Hong Kong

3) Shareholders may also make enquiries with the Board at the general meetings of the Company.

CONSTITUTIONAL DOCUMENTS

The Articles of Association are available on both the websites of the Company and the Stock Exchange. There had been no amendment made to the constitutional documents of the Company for the Year.

CORPORATE COMMUNICATION AND INVESTOR RELATIONS

The Group attaches great importance to maintaining a smooth and effective communication mechanism with the capital market, and has set up an investor relations management team to act as an important communication bridge between the Group and its Shareholders, investors and analysts.

In 2024, the management and the investor relations management team organised a number of investor relations activities through various online and offline channels to maintain thorough and effective communication with investors both home and abroad, including, among others, results presentation, roadshow, daily one-on-one meetings, and group meetings. Additionally, the Group actively participated in various industry seminars and strategy conferences, providing convenient and effective communication channels for investors to comprehensively understand the Group's operations and development strategies, thereby establishing a good corporate image.

In addition, the Group has also set up investor relations emails, hotlines and other channels to maintain efficient and effective communication with investors. To ensure that the Shareholders are effectively informed of the Group's status and developments, the Group publishes announcements, circulars, notices, interim and annual reports in a timely manner. Meanwhile, to enhance transparency, the Group publishes relevant information on its corporate website, making it accessible to the Shareholders, investors, analysts, and other stakeholders.

The Group's annual general meetings attended by the Directors, and external independent auditor serve as a key channel for communication with the Shareholders. The annual general meetings allow the Directors to meet and communicate with the Shareholders and to answer their enquiries. To ensure the smooth and effective conduct of the annual general meetings, the chairman of the Group will propose separate resolutions for each issue to be considered at the annual general meetings. Additionally, a notice of annual general meeting will be delivered to all Shareholders at least 21 days prior to the date of the meeting, setting out details of each proposed resolution and other information. Voting results are posted on the websites of the Company and of the Stock Exchange.

The Board has reviewed the communications with Shareholders during the Year and was satisfied with the implementation and effectiveness of the shareholders communication policy conducted.

KEY INVESTOR RELATIONS EVENTS IN 2024

In 2024, the Group participated in more than 70 investor relations events, met with more than 500 investors, and fully communicated with the capital market on industry development trends and operations of the Group.

The following table sets out some of the investor relations events attended by the Group:

Time	Events
March 2024	2023 Annual Results Presentation
	2023 Annual Results Roadshow
	Roadshow in Shenzhen
May 2024	Industrial Securities - 2024 Overseas Investment Strategy Conference
	Yuexiu Services - Buyback Plan Exchange Meeting
	Roadshows in Beijing and Shanghai
June 2024	Sinolink Securities - Interim Strategy Conference
	Haitong Securities - 2024 Annual Investment Strategy Conference
August 2024	2024 Interim Results Presentation
	2024 Interim Results Roadshow
September 2024	Everbright Securities - Listed Company Exchange Conference, Autumn 2024
October 2024	Roadshows in Shanghai and Beijing
November 2024	CITIC Securities - 2025 Capital Market Annual Conference

COVERAGE OF RESEARCH

By the end of the Year, 12 securities firms covered the Group. The Group's ratings in all these research reports were "Buy/ Outperform", indicating analysts' strong confidence in the Group's future prospect.

OUTLOOK

The Group will continue to devote more efforts in investor relations, strengthen communication with investors and convey investors' feedback to the management of the Group at the same time, thereby improving the Group's corporate governance and eventually creating greater value for the Shareholders.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

The profiles of the Directors and members of the senior management as at the date of this report are set out below.

EXECUTIVE AND NON-EXECUTIVE DIRECTORS

Mr. Zhu Huisong (朱輝松), aged 50, was appointed as a non-executive Director of the Company and the Chairman of the Board in April 2024. He is responsible for providing strategic advice and making recommendations on business plans, strategic developments and management decisions to the Board.

Mr. Zhu has over 10 years of senior management experience in business operations of Yuexiu Property prior to join the Group. From January 2008 to October 2009, Mr. Zhu served in Guangzhou City Construction & Development Co., Ltd.* (廣州市城市建設開發有限公司) ("**GCCD**") and held the last position as the supervisor of GCCD's general office. From October 2009 to September 2011, he served successively as the vice department head and the department head of the general department of Guangzhou Yuexiu City Construction International Finance Centre Co., Ltd.* (廣州越秀城建國際金融中心有限公司). From October 2011 to November 2012, he served as a senior manager of the general office of GCCD. From November 2012 to November 2018, he served in a number of regional companies of the Yuexiu Property Group in Shandong and held the last position as the general manager. From November 2018 to April 2020, he acted successively as the general manager of the regional companies of the Yuexiu Property Group in Northern China and Eastern China. From April 2020 to March 2023, he acted as the chairman of the regional companies of the Yuexiu Property Group in Northern China. From April 2020 to April 2024, he acted as the chairman of the board of directors of the regional companies of the Yuexiu Property Group in Eastern China. Mr. Zhu was appointed as an executive director and the co-general manager of Yuexiu Property in April 2023, with effect from 31 December 2024 was re-designated from the co-general manager of Yuexiu Property to the general manager of Yuexiu Property and the vice chairman of the Board of Yuexiu Property. Mr. Zhu has also been acting as (i) a director and the co-general manager of GCCD; and (ii) the chairman of the board of directors of Guangzhou Yuexiu Xingye Property Agent Co. Ltd.* (廣州越秀興業地產代理有限公司) since April 2023 and May 2023, respectively.

Since November 2003, Mr. Zhu has been a qualified intermediate economist specialising in commercial economy in the PRC. Mr. Zhu has also qualified as a senior economist specialising in construction and real estate economics in the PRC in 2023.

Mr. Zhu obtained a higher education certificate in financial accounting from Guangdong University of Petrochemical Technology* (廣東石油化工高等專科學校) in the PRC in July 1996. He further obtained a bachelor's degree in administrative management through correspondence learning from Guangdong Polytechnic Normal College* (廣東技術師範學院) (currently known as Guangdong Polytechnic Normal University* (廣東技術師範大學)) in the PRC in January 2008. Mr. Zhu completed a postgraduate course in professional business management from the postgraduate school of Ocean University of China (中國海洋大學) in 2021.

Mr. Wang Jianhui (王建輝), aged 49, was appointed as an Executive Director and the Chief Executive Officer with effect from September 2024. He is responsible for the overall management, formulation and implementation of business strategies (including acquisition plans) of the Group.

Prior to joining the Group, Mr. Wang joined KWG Living Group Holdings Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 3913), in June 2022 and his last position was chief executive officer before he left in August 2024. Prior to that, he served in Longfor Group Holdings Limited whose shares are listed on the Main Board of the Stock Exchange (stock code: 960) and its related companies. He also served as the senior vice president of Beijing Qianding Internet Company Limited* (北京千丁互聯科技有限公司), the general manager of Longfor Property Service Group Co., Ltd.* (龍湖物業服務集團有限公司) and the general manager of Sunan Longfor Properties Development Co., Ltd.* (蘇南龍湖地產發展有限公司).

Mr. Wang graduated from Chongqing Jianzhu University (重慶建築大學) in the PRC in 1998 with a bachelor's degree in construction engineering. He obtained his master's degree in management science and engineering from Chongqing University in the PRC in 2001. Mr. Wang obtained the title of senior engineer in engineering technology in 2007. As a result of his cross-industry background, Mr. Wang has solid and comprehensive experience in real estate development and operational management, as well as management and organizational reform and digital transformation at large-scale property management companies.

Mr. Zhang Chenghao (張成皓), aged 44, was appointed as an executive Director and the vice president (Standing) of the Company on 28 August 2023. He is responsible for the overall management and property management business of the Group.

Mr. Zhang has over 20 years of experience in the real estate industry. From July 2003 to April 2020, Mr. Zhang worked with China Vanke Co., Ltd. (萬科企業股份有限公司) ("**Vanke**"), which is dual listed on the Main Board of the Stock Exchange (stock code: 2202) and the Shenzhen Stock Exchange (stock code: 000002), with his last position as the Guangzhou managing partner of the Guangzhou rental apartment office serving from July 2015 to April 2020. From April 2020 to July 2023, Mr. Zhang served as the general manager of the customer relations center at Yuexiu Property. Since July 2023, Mr. Zhang has served as the general manager of Guangzhou Yuexiu Property Development Co., Ltd.* (廣州越秀物業發展有限公司).

Mr. Zhang obtained a bachelor's degree in electrical engineering and automation from Huazhong University of Science and Technology (華中科技大學) in the PRC in June 2003.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhang Jin (張勁), aged 53, was appointed as a Director on 27 January 2021 and was redesignated as an executive Director and appointed as a vice president of the Company on 1 February 2021. He is responsible for the overall management and commercial operations of our Group. Mr. Zhang currently serves as a director of certain members of the Group.

Mr. Zhang has over 26 years' experience in property management and commercial operations. He served in Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd.* (廣州越秀怡城商業運營管理有限公司) (formerly known as Guangzhou Yicheng Property Management Co., Ltd.* (廣州怡城物業管理有限公司)) ("**Yuexiu Yicheng**") from November 1997 to January 2017, with his last position as the deputy general manager, served as the general manager of Guangzhou Baima Business Operation Management Co., Ltd.* (廣州白馬商業經營管理有限公司) from January 2017 to October 2018, and the vice chairman of board of directors in Guangzhou Yue Xiu City Construction Jones Lang Lasalle Property Services Co., Ltd.* (廣州越秀城建仲量聯行物業服務有限公司) ("**Guangzhou Yuexiu JLL**") from October 2018 to June 2020. Mr. Zhang has served as the chairman of board of directors in Yuexiu Yicheng and Guangzhou Yuexiu JLL since March 2020 and June 2020, respectively, and has been responsible for providing opinion and judgement to the board of directors. Since November 2021, Mr. Zhang has served as an assistant to the president of Commercial Division of Yuexiu Property.

Mr. Zhang obtained the qualification of a property management specialist granted by the Guangdong Provincial Office for Human Resources and Social Security* (廣東省人力資源和社會保障廳) in the PRC in February 2012.

Mr. Zhang completed the specialist course in marketing sales at Guangzhou Municipal Broadcasting Television University* (廣州市廣播電視大學) in the PRC in March 2005.

Mr. Zhang Jianguo (張建国), aged 49, was re-designated to a non-executive Director in September 2024. He was responsible for providing guidance and formulating business strategies on the overall development of the Group. From February 2022 to September 2024, Mr. Zhang was appointed as an executive Director and the Chief Executive Officer.

Mr. Zhang has over 17 years of senior management experience in human resources, internal control and corporate culture development in the group of GZYX and Yuexiu Property prior to joining the Company. From July 2016 to January 2022, he served in GCCD and held the last position as the secretary of Commission for Discipline Inspection. Since July 2016, Mr. Zhang serves in GCCD as a director. Since January 2022, he serves as the deputy general manager of Yuexiu Property and since February 2022, he also serves as the deputy general manager of GCCD.

Mr. Zhang obtained a bachelor's degree in laws majoring in administrative management from Sun Yat-sen University in the PRC in June 1998.

Mr. Yang Zhaoxuan (楊昭煊), aged 47, was appointed as a non-executive Director on 9 February 2021. He is responsible for providing guidance and formulating business strategies on the overall development of our Group.

Mr. Yang has over 18 years' experience in accounting and finance industries. From August 2005 to May 2017, Mr. Yang served in Guangzhou Metro Group Co., Ltd.* (廣州地鐵集團有限公司) ("**GZ Metro**") in certain positions for budget planning, financial strategies, financial analysis and financing and capital management, with the last position as capital management manager. From May 2017 to April 2020, Mr. Yang served as the deputy general manager of financial planning department in Guangzhou Railways Investment Construction Group Co., Ltd.* (廣州鐵路投資建設集團有限公司). Since April 2020, Mr. Yang has served as the deputy general manager of operation business department in GZ Metro, and has been in charge of strategic planning, financial management, efficiency examination, resources operations and overall management.

Mr. Yang has been registered as a certified public accountant of The Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since November 2003.

Mr. Yang obtained a master's degree in business administration from the South China University of Technology* (華南理工大學) in the PRC in June 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Hui Lai Kwan (許麗君), aged 54, was appointed as an independent non-executive Director on 1 February 2021. Ms. Hui is responsible for providing independent advice and judgement to the Board.

Ms. Hui has solid professional experience in the accounting, finance and advisory areas. From August 1992 to December 2010, Ms. Hui served in KPMG and her past position therein was the senior manager of capital markets group, and was responsible for provision of technical support services to audit team on listing matters and review of prospectuses. From December 2014 to November 2015, Ms. Hui was a director in regional controllers department in Manulife Financial Asia Limited, and was responsible for provision of regional management information reporting and budgeting for Manulife Asia business units. From May 2016 to February 2018, Ms. Hui was the head of finance in finance department in Aviva Life Insurance Company Limited, and was responsible for accounting and financial management, investment reporting and fund operations. From February 2018 to August 2018, Ms. Hui acted as the chief financial officer in Asana (Hong Kong) Limited, and was responsible for accounting and financial management and securing strategic investments. From September 2018 to August 2022, Ms. Hui acted as a consultant for Golden Advice Enterprises Limited, and was responsible for financial and operational review and provision of corporate governance and process improvements advice. From October 2021 to August 2022, Ms. Hui also acted as the transformation lead in i-CABLE Communications Limited, a company listed on the Stock Exchange (stock code: 1097), and was responsible for process re-engineering to improve management and operational efficiency. From August 2022 to January 2024, Ms. Hui acted as a director of corporate governance & strategy in i-CABLE Network Operations Limited (a wholly-owned subsidiary of i-CABLE Communications Limited) and is responsible for the corporate governance and strategy development, ESG compliance, and process optimisation. Ms. Hui now acts as an independent consultant providing advisory and consulting services to start-up companies and social enterprises.

Ms. Hui has been a member of the Hong Kong Institute of Certified Public Accountants since January 1996. She has also been registered as a teacher under Section 45(1) of the Education Ordinance (Chapter 279 of the laws of Hong Kong) and has been included in the Register of Child Care Workers and the Register of Supervisors under Regulation 4(2)(a) of the Child Care Services Regulations since December 2012.

Ms. Hui obtained a bachelor of social science degree in economics from The University of Hong Kong in Hong Kong in December 1992. She also completed the postgraduate diploma in early childhood education and the certification course for kindergarten principals at the Hong Kong Baptist University and the School of Continuing Education of the Hong Kong Baptist University in November 2012 and June 2013, respectively.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Hung Shing Ming (洪誠明), aged 48, was appointed as an independent non-executive Director on 1 February 2021. Mr. Hung is responsible for providing independent advice and judgement to the Board.

Mr. Hung has over 20 years' experience in the investment and commercial banking industry. Since 17 March 2025, Mr. Hung has been the Head of Institutional Banking Group, DBS China. Between February 2023 and March 2025, Mr. Hung at DBS Bank Ltd, Hong Kong Branch was the managing director and head of large corporate, institutional banking group.

From March 2007 to December 2014, Mr. Hung acted as the executive director of investment banking of Morgan Stanley Asia Limited, and was responsible for provision of corporate finance advisory services. From December 2014 to September 2018, Mr. Hung acted as the managing director and head of real estate and strategic coverage of institutional banking group in DBS Bank Ltd., Hong Kong Branch, and was responsible for provision of commercial banking and corporate finance advisory services. From September 2018 to October 2022, Mr. Hung acted as the assistant chief executive officer and chief financial officer in Kidsland International Holdings Limited, a company listed on the Stock Exchange (stock code: 2122) ("**KIHL**"), and was responsible for the strategic planning, overall management and operations and corporate finance management; and from January 2019 to October 2022, he was an executive director in KIHL, and was responsible for strategic development and corporate finance management.

Mr. Hung obtained a master of philosophy degree from the University of Cambridge in the United Kingdom in May 2002. He obtained a bachelor of science degree in economics from University College London in the United Kingdom in August 1999.

Mr. Leung Yiu Man (梁耀文), aged 57, was appointed as an independent non-executive Director on 28 August 2023. Mr. Leung is responsible for providing independent advice and judgement to the Board.

Mr. Leung has over 30 years of experience in investment, equity analysis and corporate finance. Since March 2023, he has also been an independent non-executive director of Get Nice Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0064). Mr. Leung served as the managing director and executive director of China International Capital Corporation (Hong Kong) Limited between March 2001 and October 2009, the chief investment officer of SPG Land (Holdings) Limited (now known as Greenland Hong Kong Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 0337), between 2009 and 2011, the managing director of Morgan Stanley Asia Limited between September 2011 and April 2015. Mr. Leung was an independent non-executive director of Casablanca Group Limited, a company listed on the Main Board of the stock exchange (stock code: 2223) between May 2015 and May 2017. From August 2017 to February 2025, Mr. Leung acted as a responsible officer and a director of Austen Capital Management Limited, mainly engaging in asset management of private equity and investment advisory.

Mr. Leung holds Type 4 (advising on securities) and Type 9 (asset management) licenses from the Securities and Futures Commission in Hong Kong. He is a chartered financial analyst of the Institute of Chartered Financial Analysts in the United States and a member of the Hong Kong Securities and Investment Institute.

Mr. Leung obtained a bachelor's degree in Social Sciences from the University of Hong Kong in 1990.

SENIOR MANAGEMENT

Ms. Cheng Ru (成茹), aged 47, was appointed as a vice president of the Company on 1 February 2021. She is responsible for community businesses and diversified businesses, and for providing assistance to the Chief Executive Officer in relation to operational management.

Ms. Cheng has over 18 years' experience in corporate management of property management businesses. From May 2008 to July 2017, Ms. Cheng served in Guangzhou Yuexiu Property Development Co., Ltd. * (廣州越秀物業發展有限公司) (formerly known as Guangzhou Urban Construction Property Development Co., Ltd. *(廣州城建開發物業有限公司)) ("**Yuexiu PD**") by starting as supervisor for corporate management of composite department (綜合部) with her last position being the manager of development operations division of property services business department in Yuexiu PD where she was in charge of overall management and operation of the relevant departments. From August 2017 to June 2019, Ms. Cheng acted as the assistant to general manager of property services business department in Yuexiu PD. Since June 2019, Ms. Cheng has acted as the deputy general manager of property services business department in Yuexiu PD, and was in charge of strategic planning, overall management and financial operation, and improvement of business objectives.

Ms. Cheng has been registered as a certified public accountant of The Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since January 2010. She also obtained the qualification certificate for intermediate level of speciality in real estate economics (房地產經濟) issued by the Guangzhou Municipal Human Resources Office* (廣州市人事局) in the PRC in February 2010. Ms. Cheng also obtained the qualification of a property management specialist granted by the Guangdong Provincial Office for Human Resources and Social Security* (廣東省人力資源和社會保障廳) in the PRC in January 2013.

Ms. Cheng obtained a bachelor's degree in monetary banking studies (貨幣銀行學) from Wuhan University* (武漢大學) in the PRC in July 2000.

Ms. Li Huiting (李慧婷), aged 46, was appointed as the chief financial officer of the Company on 7 July 2023. She is responsible for financial and budget management and capital operations.

Ms. Li has over 10 years of finance management experience in Yuexiu Property prior to joining the Group. From August 2001 to January 2008, Ms. Li worked in the audit department of Guangzhou office of PricewaterhouseCoopers (as it then was) with her last position as an audit manager. Ms. Li joined the finance department of Yuexiu Property in November 2008 as a finance manager, and was promoted as the deputy general manager of finance department in August 2016. Since May 2021, she has served as the general manager of the finance management centre of Yuexiu Property, responsible for various functions such as financial reporting and data control, financing and capital management, as well as budgetary and tax planning.

Ms. Li has been a certified public accountant of The Chinese Institute of Certified Public Accountants (中國註冊會計師協會) (the "**Institute**") since December 2003 and a non-practising member of the Institute since January 2010.

Ms. Li obtained a bachelor's degree in literature majoring in English (international commerce) from Guangdong University of Foreign Studies* (廣東外語外貿大學) in the PRC in June 2001.

DIRECTORS' REPORT

The Board presents the annual report with the audited consolidated financial statements of the Group for the Year.

GLOBAL OFFERING

The Company was incorporated in Hong Kong on 8 October 2020 as a limited liability company. Pursuant to the Global Offering, 369,660,000 Shares were issued on the Listing Date and 43,410,500 additional Shares were issued on 26 July 2021 according to the partial exercise of the Over-allotment Option at the issue price of HKD4.88 per Share. All the Shares were listed on the Main Board of the Stock Exchange. For details of the proceeds from the Global Offering and their uses, please refer to the paragraphs headed "Management Discussion and Analysis – Proceeds from the Global Offering" on page 41.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and its subsidiaries are primarily engaged in the provision of non-commercial property management and value-added services and commercial property management and operational services in the PRC. An analysis of the Group's revenue for the Year by principal activities is set out in note 4 to the consolidated financial statements of the Group.

BUSINESS REVIEW AND FUTURE DEVELOPMENT

A review of the Group's business during the Year, an analysis of the Group's performance using financial key performance indicators, a description of the Group's relationships with its employees, customers and suppliers and an indication of likely future development in the Group's business as required by Schedule 5 to the Companies Ordinance are set out in "Chairman's Statement" on pages 18 to 25 and in "Management Discussion and Analysis" on pages 26 to 43.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long term sustainability of the environment and communities in which it operates. The Group operates its business in compliance with applicable environmental protection laws and regulations and has implemented relevant environmental protection measures in compliance with the required standards under applicable laws and regulations.

Further details of the Group's environmental policies and performance have been disclosed in the environmental, social and governance report of the Company published on the same date of this report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

Further details of the Group's compliance with relevant laws and regulations which have a significant impact on the Group have been disclosed in the environmental, social and governance report of the Company published on the same date of this report.

SEGMENT INFORMATION

Management considers that the Company has two business segments under the requirements of HKFRS 8.

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated statement of comprehensive income on page 104.

Profit attributable to owners of the Company, before dividends, of RMB352.9 million have been transferred to reserves. Other movements in reserves are set out in the consolidated statement of changes in equity on page 107.

The Board has proposed to declare a final dividend for the Year of HKD0.083 per Share, which is equivalent to RMB0.078 per Share, payable to Shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 26 June 2025. Subject to the approval of Shareholders at the forthcoming AGM, the final dividend will be paid on or about Tuesday, 8 July 2025. Dividends payable to Shareholders will be paid in Hong Kong dollars. The exchange rate adopted by the Company for its dividend payable is the average middle exchange rate of HKD against RMB announced by the People's Bank of China in the five business days preceding the date of dividend declaration. The Board had declared an interim dividend for the six months ended 30 June 2024 of HKD0.100 per Share (equivalent to RMB0.091 per Share), paid on 20 September 2024.

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, 18 June 2025. A notice convening the AGM will be published on the Company's website and the Stock Exchange's website and dispatched to the Shareholders in accordance with the requirements of the Listing Rules and Articles of Association in due course.

CLOSURE OF THE REGISTER OF MEMBERS

For the purpose of determining Shareholders' eligibility to attend and vote at the AGM on Wednesday, 18 June 2025, the register of members of the Company will be closed from Friday, 13 June 2025 to Wednesday, 18 June 2025 (both days inclusive), during which period no transfer of Shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Thursday, 12 June 2025, for registration.

For the purpose of determining the entitlement of the Shareholders to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 25 June 2025 to Thursday, 26 June 2025 which no transfer of Shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Tuesday, 24 June 2025, for registration.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 25 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Year are set out in note 33 to the consolidated financial statements and on page 107, respectively.

DIRECTORS' REPORT

RESERVES AVAILABLE FOR DISTRIBUTION

As at 31 December 2024, the Company's reserves available for distribution calculated under Part 6 of the Companies Ordinance amounted to approximately RMB459.1 million.

MAJOR CUSTOMERS AND SUPPLIERS

For the Year, purchases from the Group's five largest suppliers accounted for 10.5% of the Group's total purchases and purchases from the largest supplier amounted to 4.2% of the Group's total purchases.

For the Year, revenue derived from the Group's five largest customers accounted for 40.0% of the Group's total revenue and revenue derived from the largest customer amounted to 37.8% of the Group's total revenue.

To the best knowledge of the Directors, other than GZYX and its subsidiaries, joint ventures, associates or other related parties, none of the Directors, their close associates or any Shareholder which to the knowledge of the Directors owns more than 5% of the number of total issued Shares had any interest in the Group's five largest customers or five largest suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Year are set out in note 14 to the consolidated financial statements.

LOANS AND BORROWINGS

The Group did not have any bank loans or other borrowings as at 31 December 2024.

DIRECTORS

Unless otherwise stated below, the Directors in office during the Year and up to the date of this report (20 March 2025) were as follows:

Non-executive Directors

Mr. Lin Feng (Chairman of the Board) (resigned on 24 April 2024)
Mr. Zhu Huisong (Chairman of the Board) (appointed on 24 April 2024)
Mr. Yao Xiaosheng (resigned on 11 September 2024)
Mr. Zhang Jianguo (redesignated on 11 September 2024)
Mr. Yang Zhaoxuan

Executive Directors

Mr. Zhang Jianguo (redesignated on 11 September 2024)
Mr. Wang Jianhui (appointed on 11 September 2024)
Mr. Zhang Chenghao
Mr. Zhang Jin

Independent Non-executive Directors

Ms. Hui Lai Kwan
Mr. Hung Shing Ming
Mr. Leung Yiu Man

ROTATION AND RE-ELECTION OF DIRECTORS

Pursuant to article 110 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following AGM and shall then be eligible for re-election at that meeting, provided that any Director who so retires shall not be taken into account in determining the number of Directors who are to retire by rotation at the AGM.

Pursuant to article 111(a) of the Articles of Association, at each AGM, one-third of the Directors for the time being (excluding the Directors eligible for re-election at that meeting pursuant to article 110 of the Articles of Association), or, if their number is not three or a multiple of three, then the number nearest to but greater than one-third, shall retire from office by rotation; subject to the provisions of the Companies Ordinance, the Listing Rules and the Articles of Association, the Directors to retire in every year shall be those who have been longest in office since their last election, and as between persons who became Directors on the same day, the Directors to retire shall (unless they otherwise agree between themselves) be determined by lot; and every Director, including those appointed for a specific term, shall be subject to retirement at least once every three years.

Therefore, in accordance with the Articles of Association, (i) Mr. Zhang Jianguo (a non-executive Director), Mr. Hung Shing Ming (an independent non-executive Director) and Ms. Hui Lai Kwan (an independent non-executive Director) will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM; and (ii) Mr. Wang Jianhui (an executive Director) will hold office until the forthcoming AGM and being eligible, offer himself for re-election at the forthcoming AGM.

The Board recommends the re-appointment of the above Directors for re-election at the forthcoming AGM.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 62 to 67.

DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Changes in Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Since 17 March 2025, Mr. Hung Shing Ming has been the Head of Institutional Banking Group, DBS China.

Mr. Leung Yiu Man acted as a responsible officer and a director of Austen Capital Management Limited until February 2025.

Save as disclosed in this report, there is no other information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' REPORT

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Details of the Directors' service contracts and letters of appointment are set out in the paragraph headed "Board of Directors – Appointment and Re-election of Directors" in the Corporate Governance Report on pages 46 to 61.

No Directors proposed for re-election at the forthcoming AGM has an unexpired service contract/letter of appointment which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensations.

DIRECTORS OF THE COMPANY'S SUBSIDIARIES

The names of all the directors who have served on the boards of the Company's subsidiaries during the Year and up to the date of this report are available on the Company's website (www.yuexiuservices.com).

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, none of the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during or subsisting at the end of the Year, nor any transaction, arrangement or contract of significance has been entered into during the Year between the Company or any of its subsidiaries and the controlling Shareholders or any of its subsidiaries.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year and up to the date of this report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Year, none of the Directors or any of their respective associates (as defined in the Listing Rules) was considered to be interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of Directors' emoluments and emoluments of five highest paid individuals of the Company are set out in notes 8 and 9 to the consolidated financial statements, respectively.

Directors and senior management of the Company may receive compensation in the form of fees, salaries, contributions to pension schemes, other allowances, other benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and performance of the Directors and senior management, as well as the performance of the Group. No Director is involved in deciding his or her own remuneration.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors or any of five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

So far as the Directors are aware, at 31 December 2024, the interests and short positions of the Directors and chief executives of the Company at that time in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code in Appendix C3 (formerly known as Appendix 10) to the Listing Rules, were as follows:

LONG POSITION IN THE COMPANY

Name of shareholder	Capacity and nature of interest	Number of the Company's issued shares held	Approximate percentage of shareholding in the Company [(1)]
Mr. Zhang Jin[(3)]	Beneficial owner	1,048,800[(2)]	0.07%

Notes:

(1) The total number of 1,511,272,677 shares of the Company in issue as at 31 December 2024 was used for the calculation of the approximate percentage of shareholding.

(2) The relevant interests are unlisted physically settled options granted pursuant to the Share Option Scheme (as defined below).

(3) These interests are share options that have been conditionally granted to the relevant Directors under the Share Option Scheme and 346,104 of such share options were vested and became exercisable during the year ended 31 December 2024. No share options were exercised during the year ended 31 December 2024.

DIRECTORS' REPORT

LONG POSITION IN THE ASSOCIATED CORPORATION OF THE COMPANY

Name of shareholder	Name of associated corporation	Capacity and nature of interest	Number of associated corporation's issued shares held	Approximate percentage of shareholding in the associated corporation[5]
Mr. Zhu Huisong[1]	Yuexiu Property	Beneficial owner/beneficiary of a trust	167,437	0.004%
Mr. Zhang Jianguo[2]	Yuexiu Property	Beneficial owner/beneficiary of a trust	427,478	0.01%
Mr. Zhang Jin[3]	Yuexiu Property	Beneficial owner/beneficiary of a trust	331,173	0.008%
Mr. Zhang Chenghao [4]	Yuexiu Property	Beneficial owner/beneficiary of a trust	115,162	0.003%

Notes:

(1) Mr. Zhu Huisong is interested in 167,437 shares, out of which 64,757 shares are owned by him as beneficial owner, 102,680 shares are held for him as a beneficiary under Yuexiu Property Company Limited Share Incentive Scheme Trust for Directors and Senior Management (the "**Yuexiu Property DSM Trust**").

(2) Mr. Zhang Jianguo is interested in 427,478 shares, out of which 164,218 shares are owned by him as beneficial owner and 263,260 shares are held for him as a beneficiary under the Yuexiu Property DSM Trust.

(3) Mr. Zhang Jin is interested in 331,173 shares, out of which 314,332 shares are owned by him as beneficial owner and 16,841 shares are held for him as a beneficiary under the Yuexiu Property Company Limited share award scheme trust for employees.

(4) Mr. Zhang Chenghao is interested in 115,162 shares, out of which 57,493 shares are owned by him as beneficial owner and 57,669 shares are held for him as a beneficiary under the Yuexiu Property Company Limited share award scheme trust for employees.

(5) The total number of 4,025,392,913 shares of Yuexiu Property in issue as at 31 December 2024 was used for the calculation of the approximate percentage of shareholding.

Save as disclosed above, as at 31 December 2024, none of the Directors and chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives were deemed or taken to have under the provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSEABLE INTERESTS OF SHAREHOLDERS UNDER THE SECURITIES AND FUTURES ORDINANCE

So far as the Directors are aware, 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 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 by the Company under Section 336 of the SFO:

Name of shareholder	Capacity and nature of interest	Shares held[1]	Approximate shareholding percentage
GZYX	Interest in a controlled corporation[2]	1,018,600,000 (L)	67.40%
YXE	Interest in a controlled corporation[2]	1,018,600,000 (L)	67.40%
Yuexiu Property	Interest in a controlled corporation[2]	1,018,600,000 (L)	67.40%
Guangzhou Construction & Development Holdings (China) Limited ("**GCD China**")	Beneficial owner[2]	1,018,600,000 (L)	67.40%
GZ Metro	Interested in a controlled corporation[3]	90,359,677 (L)	5.94%
Guangzhou Metro Investment Finance (HK) Limited (廣州地鐵投融資(香港)有限公司) ("**GMIF**")	Beneficial owner[3]	90,359,677 (L)	5.94%

Notes:

(1) The letter "L" denotes a long position in the Shares.

(2) Given that (i) GCD China is wholly-owned by Yuexiu Property; (ii) Yuexiu Property is indirectly owned by YXE as to approximately 43.39%; and (iii) YXE is wholly-owned by GZYX, by virtue of the SFO, each of GZYX, YXE and Yuexiu Property is deemed to be interested in the Shares held by GCD China. The total number of 1,511,272,677 shares of the Company in issue as at 31 December 2024 was used for the calculation of the approximate percentage of shareholding.

(3) Given that GMIF is directly wholly-owned by GZ Metro, by virtue of the SFO, GZ Metro is deemed to be interested in the Shares held by GMIF.

Save as disclosed above, as at 31 December 2024, there was no other person who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed 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 by the Company under Section 336 of the SFO.

DIRECTORS' REPORT

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the report, at no time during the Year was the Company or its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or exercised any such right.

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties facing the Group are set out in the Risk Management Report on pages 90 to 95.

Principal financial risks are set out in note 32 to the consolidated financial statements.

CHARITY DONATION

The Group did not make any charitable donations during the Year.

EQUITY-LINKED AGREEMENT

SHARE OPTION INCENTIVE SCHEME

Pursuant to the ordinary resolution of the Shareholders' passed on 15 February 2023, the Company has adopted the Share Option Incentive Scheme (the "**Share Option Scheme**") to recognise and acknowledge the contributions of the Eligible Participants (as defined below) to the Group by granting share options under the Share Option Scheme (the "**Options**") to them as incentives or rewards. Details of which can refer to the circular of the Company dated 26 January 2023.

Set out below is a summary of the principal terms of the Share Option Scheme:

1. ***Purpose***

   The purpose of the Share Option Scheme is to recognise and acknowledge the contributions of the Eligible Participants to the Group by granting Options to them as incentives or rewards. In particular, it is intended that the Share Option Scheme will offer meaningful incentive to attract, retain and motivate talented employees towards the performance goals in business operation and other long-term performance targets set by the Group and to provide them with an incentive to work better for the interest of the Group.

2. ***Duration of the Share Option Scheme***

   The Share Option Scheme shall be valid and effective for the period commencing on the date on which the Share Option Scheme is adopted by an ordinary resolution of the Shareholders on 15 February 2023 (the "**Adoption Date**") and expiring at 5:00 p.m. on the business day immediately preceding the tenth anniversary of the Adoption Date unless terminated earlier by the Shareholders in general meeting (the "**Scheme Period**"). Upon termination of the Share Option Scheme, no further Options may be granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect.

3. *Participants*

Only the Eligible Participants may be granted Options. On and subject to the terms of the Share Option Scheme, the Board may, on a business day during the Scheme Period, at its absolute discretion (and subject to any conditions as it may think fit, including but not limited to the achievement of any performance target and/or any minimum period for which an Option must be held before it can be exercised) make an offer in writing (in such form as the Board may from time to time determine) to an Eligible Participant an Option to subscribe at the exercise price for the exercise of such Options (the "**Exercise Price**") for such number of Shares as the Board may determine.

"Eligible Participant" refers to any employee (whether full-time or part-time) or director of any member of the Group, other than an Excluded Person. "Excluded Person" refers to (i) any person who is an independent non-executive director of any member of the Group; (ii) any person alone or together with his family member(s) is interested in 5% or more of the issued Shares at the time of any proposed grant; or (iii) the spouse, father, mother or child of the person referred to in (i) or (ii) above and who is not an employee of any member of the Group.

4. *Acceptance of a grant*

Any grant may be accepted on or before the date specified in the grant (or at such other time and in such other manner as the Board may otherwise determine, including but not limited to an agreement in relation to the grant of the Options between an Eligible Participant and the Company) provided that no grant shall be open for acceptance after the expiry of the Scheme Period or after the Share Option Scheme has been terminated in accordance with the provisions thereof. An amount of HKD1.00 is payable by an Eligible Participant on acceptance of a grant.

5. *Exercise price*

The price per Share payable on the exercise of an Option as determined by the Board and shall at least be the highest of:

(a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which shall be a business day; and

(b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant;

or (where applicable) such price as from time to time adjusted pursuant to the Share Option Scheme.

The total subscription price payable upon exercise of an Option shall be an amount equal to the Exercise Price multiplied by the relevant number of Shares in respect of which the Option is exercised.

DIRECTORS' REPORT

6. Maximum number of shares for which Options may be granted

The total number of Shares which may be issued in aggregate upon exercise of all options to be granted under the Share Option Scheme and any other schemes (i.e. schemes or arrangements analogous to a share option scheme as described in Chapter 17 of the Listing Rules) shall not in aggregate exceed 10% (152,203,017 Shares) of the Shares in issue as at the Adoption Date, and as the Company has not adopted any other schemes as at the date of this report, the total number of Shares available for issue under the Share Option Scheme is 152,203,017 Shares, representing approximately 10.09% of the Shares in issue of the Company as at the date of this report.

The number of options available for grant under the Share Option Scheme as at 1 January 2024 were 137,216,417 Shares, representing approximately 9.02% of the Shares in issue as at 1 January 2024. The number of options available for grant under the Share Option Scheme as at 31 December 2024 were 137,779,117 Shares, representing approximately 9.12% of the Shares in issue as at 31 December 2024. 4,759,887 of the Options that were conditionally granted become vested during the year ended 31 December 2024, but there were no shares that may be issued in respect of Options granted under the Share Option Scheme of the Company during the year ended 31 December 2024.

7. Maximum number of options to each participant

The total number of Shares issued and to be issued upon the exercise of all Options granted to each Eligible Participant (excluding any options lapsed in accordance with the terms of the Share Option Scheme) in any period of twelve (12) consecutive months shall not exceed 1% of the Shares in issue.

The Company may grant further Options in excess of the limit set out in the preceding paragraph, subject to the Shareholders' approval in general meeting, at which the Eligible Participant involved and his close associates (or his associates if the Eligible Participant is a connected person) shall abstain from voting, and the following provisions shall apply:

(a) a circular containing the identity of the Eligible Participant involved, the number and terms of Options to be granted (and those previously granted to such participant in the 12-month period), the purpose of granting Options to the Eligible Participant and an explanation as to how the terms of the Options serve such purpose shall be despatched to the Shareholders together with the notice of the relevant general meeting;

(b) the number and terms of Options to be granted to the Eligible Participant involved shall be fixed before the general meeting; and

(c) the date of the meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the Exercise Price.

8. Exercise and Vesting period of the options

Subject to the provisions of the Share Option Scheme and the terms and conditions of the relevant grant(s), Options may be exercised by an Eligible Participant (or in the case of his death, his designated successor or legal successor and including the personal representative(s)), in whole or in part, at any time during the Option Period. "Option Period" is a period to be determined by the Board at its absolute discretion (provided that the period shall not be more than ten (10) years from the date of grant) and notified by the Board to an Eligible Participant as the period during which an Option may be exercised (subject to any restrictions on the exercise of the Option as may be imposed by the Board).

In order for the exercise of an Option to be effective, the secretary of the Company (or such other officers or department as the Board may designate from time to time) must, prior to the expiry of the Option Period, have received, among other things, a written notice exercising the Option and payment in full of the subscription price. Unless otherwise agreed between the Company and the option holder, Shares in respect of an Option shall be issued within twenty eight (28) days of the date upon which the exercise of the Option becomes effective.

The vesting period in respect of any Option granted to any Eligible Participant shall not be less than 12 months from the date of acceptance, provided that where the Eligible Participant is:

(a) an employee participant who is a Director or a senior manager specifically identified by the Company, the Remuneration Committee shall, or

(b) an employee participant who is not a Director nor a senior manager specifically identified by the Company, the Directors shall have the authority to determine a shorter vesting period under the following circumstances:

   (i) grants of "make-whole" Options to new employee participants to replace the awards or options such employee participants forfeited when leaving the previous employer;

   (ii) grants to an employee participant whose employment is terminated due to death or disability or occurrence of any out of control event;

   (iii) grants that are made in batches during a year for administrative and compliance reasons;

   (iv) grants with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months;

   (v) grants with performance-based vesting conditions in lieu of time-based vesting criteria; and

   (vi) the Remuneration Committee (or as the case may be, the Directors) is of the view that a shorter vesting period is appropriate and serves the purpose of the Share Option Scheme.

9. The remaining life of the Share Option Scheme

The Share Option Scheme became effective since 15 February 2023. It, unless otherwise cancelled or amended, will remain in force for ten years from that date.

A summary of the principal terms and conditions of the Share Option Scheme is set out in Appendix 1 to the circular of the Company dated 26 January 2023.

DIRECTORS' REPORT

DETAILS AND MOVEMENTS OF OPTIONS DURING THE YEAR ENDED 31 DECEMBER 2024

The details and the movement of the Options granted under this Share Option Scheme during the year ended 31 December 2024 are as below: –

Grantees	Outstanding options as at 1 January 2024	Date of the conditional grant	Exercise price per share (HKD)	Closing price per share immediately before the date of the conditional grant (HKD)	Vesting period/ Exercise period	Exercised during the period	Lapsed during the period (Note 3)	Outstanding options as at 31 December 2024
Zhang Jin	1,048,800	30 December 2022	3.334	3.310	(Note 1)	N/A (Note 2)	0	1,048,800
Senior management and core employees of the Group	13,937,800	30 December 2022	3.334	3.310	(Note 1)	N/A (Note 2)	(562,700)	13,375,100
Total	14,986,600						(562,700)	14,423,900

Notes:

1. Subject to the terms of the Share Option Scheme and the terms of the initial grant proposal, including the vesting conditions as set out below, these Options that are conditionally granted shall be vested and become exercisable until 8 years from the date of the conditional grant in three tranches as described below: the first tranche comprising of 33% of the options conditionally granted shall be vested on the first trading day after 24 months from the date of the conditional grant (i.e. 30 December 2024); the second tranche comprising of 33% of the options conditionally granted shall be vested on the first trading day after 36 months from the date of the conditional grant (i.e. 30 December 2025); and the third tranche comprising of 34% of the options conditionally granted shall be vested on the first trading day after 48 months from the date of the conditional grant (i.e. 30 December 2026).

   Vesting conditions for such Options that are conditionally granted are as follows:

   (i) Vesting conditions: in relation to the Company and in respect of each tranche of the Options granted:

      (A) the Company's return on equity attributable to shareholders after deducting non-recurring gain or loss (I) shall not be less than 12.8% for the first tranche in 2023, 12.9% for the second tranche in 2024 and 13.0% for the third tranche in 2025 and (II) shall be equal to or greater than that of the average of the peer benchmark companies plus 1%;

      (B) the Company's growth rate of net profit attributable to shareholders after deducting non-recurring gain or loss in 2023 for the first tranche, 2024 for the second tranche and 2025 for the third tranche (I) as compared to that of 2021 shall be greater than 32%, 52% and 75% respectively and (II) shall be equal to or greater than that of the average of the peer benchmark companies;

      (C) the Company's receivables turnover ratio in 2023 for the first tranche, 2024 for the second tranche and 2025 for the third tranche shall not be less than 4.2;

      (D) the proportion of cash dividend shall not be lower than 30% of the Company's distributable net profit in the latest full financial year; and

      (E) none of the following circumstances having occurred:

         (I) issue of the financial and accounting report of the Company for the most recent financial year in which a certified public accountant gives an adverse opinion or cannot give an opinion;

         (II) imposition of administrative penalties by regulatory authorities as a result of material breach of rules and regulations in the preceding year; and

         (III) other circumstances under which implementation of share option incentive schemes is prohibited as determined by regulatory authorities.

(ii) Vesting conditions: in relation to an incentive target who has accepted a grant of Options and in respect of each tranche of the Options granted:

(A) he/she has obtained an assessment grade of "B" for senior management (including executive Directors) and "pass" for core employees of the Group or above in the year preceding the scheduled vesting date in which case the entire tranche of the Options granted will be vested (for the avoidance of doubt, if an incentive target who has accepted a grant of Options fails to obtain the aforesaid assessment result, the entire tranche of the Options granted will lapse); and

(B) none of the following circumstances having occurred:

(I) he/she has been publicly censured or declared as an ineligible candidate by the Stock Exchange during the last three years;

(II) he/she has been penalized by regulatory authorities during the last three years due to serious violations of laws or regulations;

(III) he/she is prohibited from acting as a director or a member of the senior management of a company by the relevant laws and regulations; or

(IV) he/she is determined by the Board to have otherwise seriously violated the Company's regulations.

2. 4,759,887 of Options were vested and became exercisable during the year ended 31 December 2024. No Options were exercised during the year ended 31 December 2024.

3. None of the Options were cancelled during the year ended 31 December 2024.

4. During the year ended 31 December 2024, no Options have been granted.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association and there was no restriction against such rights under the Companies Ordinance.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Directors were authorised by the shareholders of the Company at the Company's annual general meeting to effect repurchase of the Company's ordinary shares not exceeding 10% of the total number of the Company's issued shares as at the dates of the resolutions being passed, details of which were announced on 20 May 2024.

DIRECTORS' REPORT

During the Year, the Company repurchased an aggregate of 11,558,500 ordinary shares for a total consideration of approximately HKD37 million on the Stock Exchange, out of which 10,757,500 ordinary shares were cancelled during the Year and the remaining 801,000 ordinary shares were subsequently cancelled in January 2025. Details of the shares repurchased are as follows:

Month of repurchase in 2024	Number of ordinary shares repurchased	Consideration per share Highest HKD	Consideration per share Lowest HKD	Aggregate consideration paid (excluding expenses) HKD'000
June	1,172,000	3.30	3.09	3,744
July	1,756,500	3.30	3.05	5,599
August	1,875,000	3.17	2.98	5,713
September	1,634,500	3.30	2.98	5,166
October	293,000	3.30	3.29	967
November	2,299,500	3.30	3.05	7,309
December	2,528,000	3.30	3.11	8,080

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

PERMITTED INDEMNITY PROVISIONS

Pursuant to article 166 of the Articles of Association, subject to the provisions of the Companies Ordinance, every Director, company secretary or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in or about the execution of his office or otherwise in relation thereto.

The Company has subscribed appropriate directors' and officers' liabilities insurance coverage for the Directors and officers of the Company.

CONTINUING CONNECTED TRANSACTIONS

GZYX, YXE, Yuexiu Property and GCD China are controlling Shareholders, and hence, connected persons of the Company under Chapter 14A of the Listing Rules.

GZ Metro is a substantial shareholder of Guangzhou Metro Environmental Engineering Co., Ltd.* (廣州地鐵環境工程有限公司) which is a subsidiary of the Company, and hence, a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules.

Chong Hing Bank Limited ("**CHB**") is a subsidiary of YXE, a controlling Shareholder, and hence, a connected person of the Company under Chapter 14A of the Listing Rules.

For the Year, the Group has entered into the following non-exempted continuing connected transactions:

1. PROPERTY LEASE

On 31 December 2023, the Company, GZYX and Yuexiu Property entered into the property lease framework agreement with a term commencing from 1 January 2024 to 31 December 2026 to govern the Group's leases of properties from GZYX, Yuexiu Property and their respective associates which are exempt from recognition as right-of-use assets under HKFRS16 (the "**Property Lease Framework Agreement**"), which will enable the Group to use the office premises of GZYX, Yuexiu Property and their respective associates and sub-lease certain car parking spaces for providing carpark space management and operation services to generate additional rental income by sub-leasing certain carparks. The annual caps for the Property Lease Framework Agreement for the years ending 31 December 2024, 2025 and 2026 are RMB54,441,000, RMB63,361,000 and RMB75,751,000, respectively.

For the Year, the rental paid by the Group under the Property Lease Framework Agreement amounted to approximately RMB25,214,000.

For details of the above continuing connected transactions, please refer to the announcement of the Company dated 2 January 2024.

2. GZ METRO PROPERTY MANAGEMENT AND RELATED SERVICES

On 22 November 2022, the Company entered into the 2023 GZ Metro property management and related services framework agreement (the "**2023 GZ Metro Property Management and Related Services Framework Agreement**") with GZ Metro, pursuant to which the Group may provide, and GZ Metro and its associates may procure, the property management and related services for a term of three years commencing from 1 January 2023. The annual caps for the 2023 GZ Metro Property Management and Related Services Framework Agreement for the years ending 31 December 2023, 2024 and 2025 are RMB335,219,000, RMB420,547,000 and RMB504,657,000, respectively.

For the Year, the service fees paid to the Group under the 2023 GZ Metro Property Management and Related Services Framework Agreement amounted to approximately RMB225,410,000.

For details of the above continuing connected transactions, please refer to the announcement of the Company dated 23 November 2022.

DIRECTORS' REPORT

3. BANK DEPOSITS

On 22 November 2022, the Company entered into the 2023 bank deposits agreement (the "**2023 Bank Deposits Agreement**") with CHB, pursuant to which the Group may, in its ordinary and usual course of business, place and maintain bank deposits (the "**Bank Deposits**") with CHB and its subsidiaries ("**CHB Group**") on normal commercial terms from time to time for a term of three years commencing from 1 January 2023, and the placing and maintenance of any the Bank Deposits shall be subject to the terms and conditions of the CHB Group applicable to independent customers similar to the Group from time to time. The daily caps for the Bank Deposits under the 2023 Bank Deposits Agreement for the years ending 31 December 2023, 2024 and 2025 are RMB2,293,500,000, RMB2,522,850,000 and RMB2,775,135,000, respectively.

For the Year, the highest daily outstanding balance (including accrued interests) of the Bank Deposits placed by the Group with CHB Group on any given day amounted to approximately RMB1,022,567,000.

For details of the above continuing connected transactions, please refer to the announcement and the circular of the Company dated 23 November 2022 and 12 December 2022, respectively.

4. INTELLIGENT SERVICES

On 20 May 2022, the Company entered into the intelligent services framework agreement (the "**Intelligent Services Framework Agreement**") with GZYX and Yuexiu Property, pursuant to which the Group agreed to provide to GZYX, Yuexiu Property and their respective subsidiaries and associates the intelligent services from the date of approval at the general meeting held on 29 June 2022 and up to and including 31 December 2024.

The annual caps of the Intelligent Services Framework Agreement for the years ending 31 December 2022, 2023 and 2024 are RMB271,715,000, RMB525,259,000 and RMB691,166,000, respectively.

For the Year, the service fees paid to the Group under the Intelligent Services Framework Agreement amounted to approximately RMB103,688,000.

For details of the above continuing connected transactions, please refer to the announcement and the circular of the Company dated 20 May 2022 and 13 June 2022, respectively.

5. PROCUREMENT OF PRODUCTS

On 22 November 2022, the Company entered into the procurement framework agreement (the "**Existing Procurement Framework Agreement**") with GZYX, pursuant to which the Group may procure, and GZYX and its associates may provide, the procured products for a term commencing on the effective date of the agreement and ending on 31 December 2024.

The annual caps of the Existing Procurement Framework Agreement for the years ending 31 December 2022, 2023 and 2024 are RMB3,633,000, RMB9,490,000 and RMB17,816,000, respectively.

For the Year, the total amount paid by the Group for the procured products under the Existing Procurement Framework Agreement was approximately RMB8,988,000.

As the Existing Procurement Framework Agreement was due to expire on 31 December 2024, on 21 November 2024, the Company entered into the framework agreement with GZYX and Yuexiu Property, pursuant to which the Group may procure, and GZYX and Yuexiu Property and their respective associates may provide, the relevant procured products and services for a term commencing on the effective date of the agreement (being the date on which the conditions precedent are fulfilled but in any event no earlier than 1 January 2025) and ending on 31 December 2027 (the "**2025 Procurement Framework Agreement**").

The annual caps of the 2025 Procurement Framework Agreement for the years ending 31 December 2025, 2026 and 2027 are RMB104,207,000, RMB138,612,000 and RMB191,818,000, respectively.

For details of the above continuing connected transactions, please refer to the announcement and the circular of the Company dated 21 November 2024 and 5 December 2024, respectively.

6. 2022 PROPERTY MANAGEMENT AND VALUE-ADDED SERVICES FRAMEWORK AGREEMENT

A. Property Management Services

On 7 June 2021, the Company entered into a property management services framework agreement with GZYX and Yuexiu Property (the "**Property Management Services Framework Agreement**"), pursuant to which the Group agreed to provide to GZYX, Yuexiu Property and their respective associates property management services on non-commercial properties, for a term commencing from the Listing Date up to and including 31 December 2023.

B. Commercial Operation and Management Services

On 7 June 2021, the Company entered into a commercial operation and management services framework agreement (the "**Commercial Operation and Management Services Framework Agreement**") with GZYX and Yuexiu Property, pursuant to which the Group agreed to provide to GZYX, Yuexiu Property and their respective associates commercial operation and management services on commercial properties, including but not limited to, (i) commercial property management services; and (ii) carpark space management and operation services, for a term commencing from the Listing Date up to and including 31 December 2023.

C. Value-Added Services (including non-property owner value added services and community value-added services)

On 7 June 2021, the Company entered into a value-added services framework agreement (the "**Value-Added Services Framework Agreement**") with GZYX and Yuexiu Property, pursuant to which the Group agreed to provide to GZYX, Yuexiu Property and their respective associates value-added services, including (i) non-property owner value-added services (such as preliminary planning and design consultancy services, sales office and display unit management and pre-delivery support services, carpark space sales assistance services and ancillary property leasing services); and (ii) community value-added services (such as home-living services), for a term commencing from the Listing Date up to and including 31 December 2023.

DIRECTORS' REPORT

D. Market Positioning Consultancy and Tenant Sourcing Services

On 7 June 2021, the Company entered into a market positioning consultancy and tenant sourcing services framework agreement (the "**Market Positioning Consultancy and Tenant Sourcing Services Framework Agreement**") with GZYX and Yuexiu Property, pursuant to which the Group agreed to provide to GZYX, Yuexiu Property and their respective associates market positioning consultancy and tenant sourcing services on commercial properties, including but not limited to, market research and positioning services where the Group conducts market research and feasibility analysis and advise on how to position and manage the relevant properties with regards to the property nature, target tenants mix and property management etc., tenant sourcing, tenant management and rent collection services, for a term commencing from the Listing Date up to and including 31 December 2023.

On 22 November 2022, the Company entered into the property management and value-added services framework agreement (the "**2022 Property Management and Value-Added Services Framework Agreement**") with GZYX and Yuexiu Property, pursuant to which the Group may provide, and GZYX, Yuexiu Property and their respective associates may procure, the property management services, commercial operation and management services, value-added services as well as market positioning consultancy and tenant sourcing services for a term commencing on the effective date of the agreement and ending on 31 December 2024. The 2022 Property Management and Value-Added Services Framework Agreement was approved, and hence became effective, by independent Shareholders at the general meeting held on 30 December 2022; and superseded the Property Management Services Framework Agreement, the Commercial Operation and Management Services Framework Agreement, the Value-Added Services Framework Agreement and the Market Positioning Consultancy and Tenant Sourcing Services Framework Agreement from its effective date.

The table below sets out the maximum annual service fees payable to the Group under the 2022 Property Management and Value-Added Services Framework Agreement for the three years ending 31 December 2024:

		Year ending 31 December		
Annual caps for:		**2022 (RMB'000)**	**2023 (RMB'000)**	**2024 (RMB'000)**
(i)	property management services	19,500	60,081	79,420
(ii)	commercial operation and management services	62,120	195,371	213,923
(iii)	value-added services	630,340	1,001,944	1,363,508
(iv)	market positioning consultancy and tenant sourcing services	166,379	207,973	249,551
Total:		878,339	1,465,369	1,906,402

For the Year, the service fees paid to the Group under the 2022 Property Management and Value-Added Services Framework Agreement for (i) property management services; (ii) commercial operation and management services; (iii) value-added services; and (iv) market positioning consultancy and tenant sourcing services amounted to approximately RMB66,809,000, RMB122,092,000, RMB854,962,000 and RMB89,987,000, respectively.

As the 2022 Property Management and Value-Added Services Framework Agreement and the 2022 Intelligent Services Framework Agreement were due to expire on 31 December 2024, on 21 November 2024, the Company entered into the framework agreement with GZYX and Yuexiu Property for the provision of Property Management and Value-Added Services by the Group to GZYX, Yuexiu Property and their respective associates (including the GZ Metro & Yuexiu Property JVs and any associates of Yuexiu Property (which are also subsidiaries of GZ Metro)) for a term commencing on the effective date of the agreement (being the date on which the conditions precedent are fulfilled but in any event no earlier than 1 January 2025) and ending on 31 December 2027 (the "**2025 Property Management and Value-Added Services Framework Agreement**"). To streamline the management of future connected transactions in respect of the provision of Property Management and Value-Added Services by the Group to GZYX, Yuexiu Property and their respective associates, the Company has consolidated the 2022 Property Management Services Framework Agreement and the 2022 Intelligent Services Framework Agreement into the 2025 Property Management and Value-Added Services Framework Agreement.

The table below sets out the maximum annual service fees payable to the Group under the 2025 Property Management and Value-Added Services Framework Agreement for the three years ending 31 December 2027:

		Year ending 31 December		
Annual caps for:		**2025 (RMB'000)**	**2026 (RMB'000)**	**2027 (RMB'000)**
(i)	Property Management Services	107,965	138,095	176,955
(ii)	Commercial Operation and Management Services	253,592	290,838	305,327
(iii)	Value-added Services	1,473,696	1,695,390	1,967,502
(iv)	Market Positioning Consultancy and Tenant Sourcing Services	156,667	168,925	188,727
Total:		1,991,920	2,293,248	2,638,511

For details of the above continuing connected transactions, please refer to the announcement and the circular of the Company dated 21 November 2024 and 5 December 2024, respectively.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the relevant framework agreements and confirmed that the framework agreements have been entered into:

a) in the ordinary and usual course of business of the Group;

b) either on normal commercial terms or, if there were not sufficient comparable transactions to judge whether they were on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

DIRECTORS' REPORT

The Company's auditor was engaged to report on the Group's continuing connected transactions for the Year in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules and nothing has come to their attention that causes them to believe that the continuing connected transactions of the Group:

(i) have not been approved by the Board;

(ii) were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and

(iv) have exceeded the annual cap in respect of the continuing connected transactions of the Group.

RELATED PARTY TRANSACTIONS

Details of material related party transactions of the Group undertaken during the Year are set out in note 29 to the consolidated financial statements. Save as disclosed in the paragraphs headed "Continuing Connected Transactions" above, none of these related party transactions is required to be disclosed under Chapter 14A of the Listing Rules.

EVENTS AFTER THE REPORTING YEAR

There are no significant events subsequent to 31 December 2024 which would materially affect the Group's operating and financial performance as of the date of this report.

PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge, information and belief of the Directors, the Company has maintained sufficient public float as required by the Stock Exchange and under the Listing Rules throughout the Year and up to the date of this report.

MATERIAL LITIGATION AND ARBITRATION

For the Year, the Company was not involved in any litigation, arbitration or claims of material importance and there was no litigation or claim of material importance which was known to the Directors to be pending or threatened by or against the Company.

CORPORATE GOVERNANCE

The Company has adopted the code provisions of the Corporate Governance Code as its own code of corporate governance. The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 46 to 61.

AUDIT COMMITTEE

The Audit Committee, comprising Ms. Hui Lai Kwan (chairlady), Mr. Hung Shing Ming and Mr. Leung Yiu Man, has discussed with the Group's management and external auditor the accounting principles and policies adopted by the Group as well as the procedures adopted by the auditor in reviewing all continuing connected transactions, and has reviewed the Group's consolidated financial statements for the Year.

AUDITOR

The consolidated financial statements have been audited by Ernst & Young ("**EY**"), Certified Public Accountants and Registered Public Interest Entity Auditor.

At the annual general meeting of the Company held on 12 June 2024, PricewaterhouseCoopers retired as the auditor of the Company and EY was appointed as the new auditor of the Company.

EY will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board

Mr. Zhu Huisong
Chairman of the Board
Hong Kong, 20 March 2025

RISK MANAGEMENT REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

I. DUTIES OF THE BOARD AND THE MANAGEMENT

The Board believes that effective risk management and internal control are essential to the long-term business growth and sustainability of the Group. The Board is responsible for assessing and determining the nature and extent of risks to which the Group is willing to expose itself in meeting its strategic objectives and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control system to safeguard the Company's assets and the interests of the Shareholders.

The management of the Group is responsible for the design, implementation and monitoring of the risk management and internal control system and for confirming to the Board on the effectiveness of the risk management and internal control system.

Risk management and internal control system is established to mitigate, to the extent acceptable, each of the Group's business risks, rather than to eliminate the risk of failure to achieve business objectives, and only to provide reasonable but not absolute assurance that there will be no material misstatement or loss.

The comprehensive risk management is managed by the Group on a hierarchical basis and this framework includes the Board, the Audit Committee, the operational management of the Group, management at the headquarters of the Group, and the audit and legal department of the Company (the "**Audit and Legal Department**").

II. RESPONSIBILITY FOR RISK MANAGEMENT

The Group has established a two-way interactive risk management infrastructure to define direct management obligations for risk management and procedures for reporting risk information, clarified risk management processes and responsibilities, and adopted proactive and structured approaches to promote the culture of risk management.

The responsibilities and key obligations under the risk management structure at different levels of the Group are set out in the table below:

	Major responsibilities
The Board (level of decision making)	Evaluate and determine the nature and extent of the risks that the Group is willing to expose itself to for achieving its strategic objectives; Ensure that the Group establishes and maintains suitable and effective risk management and internal control system; Oversee design, implementation and monitoring of the risk management and internal control system by the management.

	Major responsibilities
The Audit Committee (level of decision making)	Review and determine the risk management framework; Regular review and assessment of the effectiveness of the risk management framework; Coordinate with and assist the senior management of the Group to propel risk management; Report to the Board on any material risk management issue and suggested resolution.
Senior management of the Group (level of leadership organisation)	Conduct regular risk assessment and establish risk management measures based on the Group's strategic targets from the perspective of the Group as a whole; Design, implement and monitor the risk management and internal control system; Confirm to the Board on the effectiveness of the risk management and internal control system.
Management at the headquarters of the Group (level of implementation organisation)	Establish and implement the risk response plans for their respective businesses; Promote and implement the specific risk management initiatives; Monitor the respective risks of the businesses they are responsible for, and report relevant risk information to senior management.
The Audit and Legal Department (level of supervision)	Coordinate and promote establishment of risk management system; Coordinate and promote risk assessment by the respective business units; Supervise the respective business units to carry out risk response and monitoring; Conduct independence assessment on the risk management and internal control system through internal audit.

RISK MANAGEMENT REPORT

III. RISK MANAGEMENT PROCEDURE

The Group has developed various policies relating to risk management and internal control with the aim to further standardise the procedures for risk management and internal control and make constant risk supervision and management. The main steps and control measures of the risk management procedure include:

Control stage	Control measures
1. Risk identification	• Identify risks according to business types and continuously collect internal and external risk information; • Manage risks in a dynamic manner and report to the Audit and Legal Department.
2. Risk analysis	• Choose applicable qualitative and quantitative methods to conduct risk analysis, screening and integration based on their likelihood and impact, and determine management focus and priority; • Analyse the relationship between risks and their impact on operations; • When necessary, seek assistance from professional external agencies.
3. Risk response	• Formulate the risk management plan and implement it after assessing and identifying the responsible department; • Establish an early risk warning mechanism and set major risk warning indicators, and develop plans for emergencies; • Organise regular training to ensure that major risks and emergencies are handled in a timely and proper manner.
4. Risk evaluation	Independently evaluate the implementation and effectiveness of risk management, put forward suggestions for improvement, and ensure that the assessment indicators for the responsible personnel are consistent with risk management objectives.
5. Risk tracking	Continuously monitor identified risks and emerging risks to ensure the continuity and adaptability of risk management, promptly update risk assessment and adjust risk response strategies.

Risk management is mainly driven by the nature of the industry in which the Group operates, and the Group's strategy and business objectives. By identifying the risk factors that affect the achievement of objectives, analysing the causes leading to specific risk events, assessing the likelihood of occurrence of any particular risks and their potential impacts, confirming and recording the specific responsive measures for identified risks, constantly monitoring and assessing change of risks and adjusting the risk countermeasures in a timely manner, the Group is able to obtain such risk assessment results as conformed to the actual situation of the Group.

IV. RISK MANAGEMENT CONDUCTED BY THE GROUP IN 2024

(1) Industry overview and risk indicators monitoring

In 2024, the property management industry underwent a structural transformation, with operating cash flows under pressure and enterprises accelerating payment collection through innovative means such as differentiated fee collection. Increasing concentration in the industry, coupled with an aging housing stock, prompted property management companies to focus on their core business and intensify their efforts to reduce costs and improve efficiency. Faced with the impact of increased housing turnover and declining service satisfaction, leading enterprises accelerated technological transformation and strategic cooperation, and reconstructed service barriers with AI applications and intelligent hardware, driving the industry towards refinement and intensification, and laying the foundation for long-term valuation recovery.

In terms of the risk control strategy, the Group adhered to a high-quality development path, focusing on quality projects in key cities and maintaining a stable and strong cash flow level. The Group focused on strategic core cities, strengthened bid management, cultivated quality clients and upgraded the assessment system. Simultaneously, the Group optimised the third-party assessment mechanism, managed and controlled the bidding process by establishing a partner monitoring model to reduce operational risks, while deepening special initiatives in our core business to create benchmark projects, in an attempt to strengthen brand influence, and realise revenue growth and quality improvement.

In terms of risk management indicators monitoring, according to the 2024 interim report of the Group, indicators such as revenue growth, value-added services and operational efficiency performed better than those of its counterparts. The Group has demonstrated a good performance in liquidity, with a stable and sustainable cash flow level. Adhering to the Group's annual theme for 2024 of "raising quality with devoted services and creating benefits through lean management", the Group achieved steady improvement in overall operational quality through special initiatives to enhance quality and market capabilities.

(2) Risk countermeasures and the effectiveness

Through the existing risk management system, the Group effectively performs the risk prevention and control function of each department, identifies and assesses the risk factors that may occur or continue to affect the Company's development objectives, and develops corresponding internal control measures in order to prevent, alleviate or reduce the possible impact of these risks. Details of the operation of the specific risk management and internal control system are set out below:

1. Improving our service quality through strategic upgrade and strengthening our competitiveness through multi-dimensional control.

   The Group's strategy was upgraded with the vision of "becoming a leading and trustworthy smart service provider". The Group strengthened its service design and operational capabilities through measures such as customer satisfaction enhancement, organisational excellence and talent development. A number of property management initiatives have been launched, including the "Safe Community (安心社區)" and "Green Community (新苗社區)", to improve quality and satisfaction. In terms of property management, the Group promotes quality improvement for the four major aspects of sanitation, safety, greenery maintenance and facilities and equipment, and boosts customer trust building, so as to improve the level of standardisation and intelligence in community services.

RISK MANAGEMENT REPORT

2. Lean management drives the reform of the operating model, with business efficiency improving significantly.

   The Group implemented lean management to improve operational efficiency. Measures such as human-machine collaboration in cleaning, digital management and expanding the scale of centralised procurement, have been taken to improve efficiency and reduce costs. In addition, the Group promoted the expansion of its online shopping mall business, strengthened its efforts to promote its commercial property management business, and further standardised its procurement activities to reduce the risk of sporadic purchases.

3. Making breakthroughs in key businesses and monitoring risks to promote high-quality development.

   The Group focused on making breakthroughs in key businesses and strengthened market expansion and risk management. The Group achieved breakthroughs in quality projects through optimising the approval process for market expansion and improving approval efficiency. A risk monitoring mechanism for outreach projects was established to ensure that the risks associated with the cooperation process were within control. The Group's expansion strategy is centred on high-quality expansion, focusing on core cities and deepening the exploration of key customer resources to achieve business model reform and business performance improvement.

4. Improving talent pipeline development and strengthening the incentive mechanism.

   The Group optimised talent management in multiple dimensions, enhanced the effectiveness of performance incentives, and optimised the management structure and enhanced employee stability and satisfaction through talent cultivation measures such as the "Morning Star Programme", "Kapok Programme" and "Star-rating Butler Certification". The Group improved the incentive mechanism, established a full-level performance management system and strengthened the performance incentives for project managers, with an aim to stabilise the frontline staff and reduce the turnover rate.

5. Strengthening the effectiveness of audit supervision and optimising legal compliance empowerment.

   The Company's management attached great importance to internal control and compliance management, supported the Audit and Legal Department in carrying out its work from an independent and objective perspective, and improved operational efficiency and risk control capability through audit supervision and audit rectification. At the same time, the Group strengthened compliance management and promoted the sound operation of its business through the monitoring of legal proceedings and legal training. In order to promote the enhancement of risk control capability, the Audit and Legal Department continued to strengthen the proactive risk control mechanism of outreach projects based on the five key aspects, i.e. forward assessment, counterparty credit assessment, bonus audit, partner monitoring and post-project review. The Group enhanced employees' ability to identify and resolve legal risks by launching the "Learning laws through case analysis (以案普法)" programme, conducting training on legal expertise and establishing an internal trainer cultivation and curriculum development system to ensure business compliance and promote the sustainable development of the Company.

V. INTERNAL CONTROL

The Board is responsible for developing an adequate internal control system for the Group to safeguard the Group's assets and shareholders' interests. The Audit Committee shall review the internal control system for each financial year on a half-yearly basis to ensure the system is adequate.

Reporting directly to the Audit Committee on internal control matters, the Audit and Legal Department is responsible for continuously monitoring the workflow and risk assessment of the Group's respective departments to assist the Board and senior management in complying with regulatory requirements and guidelines, thereby improving the efficiency of the internal control system. Through ongoing internal audits from time to time, the Audit and Legal Department will ensure that the internal control system is operating effectively.

During the Year, the internal audit function performed under the leadership of the Board and the Audit Committee. The Audit Committee has reviewed the effectiveness of the Group's internal control system on financial, operational, compliance and business matters and reported the results to the Board. No material negligence or significant deficiencies were identified by the Audit and Legal Department during the Year.

VI. REVIEW OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM AND SUMMARY OF ITS EFFECTIVENESS

During the Year, the Audit and Legal Department submitted the risk management and internal control report to the Audit Committee for review on a half-yearly basis. The Board has reviewed, through the Audit Committee, the various reports on the risk management and internal control system and conducted a comprehensive review of the Group's risk management and internal control system, and agreed that the Group's risk management and internal control system for the Year was adequate and effective and it will continue to enhance the implementation of the corporate risk management framework and risk control procedures.

INDEPENDENT AUDITOR'S REPORT

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To the members of Yuexiu Services Group Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Yuexiu Services Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 103 to 202 which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to 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 Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matter	How our audit addressed the key audit matter
Estimation of goodwill impairment As at 31 December 2024, the gross carrying amount of goodwill arising from business combinations was approximately RMB260,408,000 and impairment loss of goodwill amounting to RMB236,866,000 was recognised in the current year. Goodwill is tested for impairment annually. The impairment review of goodwill performed by the Group's management includes a number of significant judgements and estimates in determining the recoverable amounts of cash-generating units ("CGUs") which are the higher of the fair value less costs of disposal and the value in use. The estimation was sensitive to key assumptions such as revenue growth rates, gross margin and discount rates of the CGUs.	Our audit procedures to assess the impairment of goodwill included the following: • Obtained an understanding of, evaluated and tested the internal controls over the impairment assessment of goodwill and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as estimation complexity, subjectivity, changes and susceptibility to management bias or fraud; • Assessed the appropriateness of the management's identification of the cash-generating-units based on the Group's accounting policies and our understanding of the Group's business; • Involved internal valuation specialists to assist in evaluating the methodologies and discount rates used by the Group for determining the recoverable amounts;

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
We identified goodwill impairment as a key audit matter because of the materiality of the balances of goodwill, and the complex and subjective management estimation made by management on the key assumptions. The significant accounting estimates and disclosures about the impairment assessment of goodwill are included in notes 3 and 16 to the consolidated financial statements.	• Evaluated the competency, capabilities and objectivity of the management's external valuer; • Examined the reliability and historical accuracy of the management's forecasts by comparing the prior year's projection with the current year's results; • Examined the reasonableness of key assumptions applied to the impairment test, by comparing them to historical results, business development plans and economic and industry forecast; • Assessed the sensitivity analysis performed by the Group's management on the impact of changes in the key assumptions; • Tested the mathematical calculation of the forecasts and carrying values in management's impairment model and comparing management's estimate of the recoverable amount with the carrying amount of each CGU; and • Assessed the adequacy of the disclosures related to impairment assessment of goodwill.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Assessment of the expected credit losses for trade receivables As at 31 December 2024, the Group had trade receivables of RMB773,364,000, after netting off with loss allowance of RMB45,090,000. The Group uses a provision matrix to calculate expected credit losses ("ECLs") for trade receivables. The provision rates are based on age for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. We identified the expected credit losses on trade receivables as a key audit matter because the balance of trade receivables was material to the Group and the recognition of expected credit losses was inherently subjective and required the exercise of significant management's judgements and estimations. The significant accounting estimates and disclosures about the provision for expected credit losses on trade receivables are included in notes 3 and 32 to the consolidated financial statements.	Our audit procedures to assess the provision for expected credit losses on trade receivables included the following: • Obtained an understanding of, evaluated and tested the internal controls over management's assessment of ECLs on trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity of model and subjectivity of significant assumptions and data used; • Evaluated and tested the methodologies and data/parameters used by management, including the grouping of customer segments, historical loss information, probability of default, forward-looking factors and expected losses; • Executed substantive analytical review procedures by analysing the fluctuations of major customers' outstanding balances and trade receivable turnover days; • Assessed, on a sampling basis, the accuracy of the ageing report of trade receivables at 31 December 2024 prepared by management by comparing the sample items with the demand notes, sales invoices and other relevant underlying documentation; • Tested, on a sampling basis, the subsequent settlement of trade receivables to cash receipts and the related supporting documentation; • Tested the mathematical accuracy of the expected credit loss calculations; and • Assessed the adequacy of the disclosures related to ECLs of trade receivables.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Hui Kin Fai, Stephen.

Ernst & Young
Certified Public Accountants

20 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	4	**3,868,152**	3,223,631
Cost of sales		**(2,966,536)**	(2,367,004)
Gross profit		**901,616**	856,627
Other income and gains, net	5	**114,029**	122,214
Administrative expenses		**(296,362)**	(279,327)
Net impairment losses on financial and contract assets	6	**(15,572)**	(7,638)
Impairment of goodwill	6	**(236,866)**	—
Finance costs	7	**(5,307)**	(4,887)
Share of profits and losses of joint ventures		**961**	153
PROFIT BEFORE TAX	6	**462,499**	687,142
Income tax expenses	11	**(176,729)**	(187,260)
PROFIT FOR THE YEAR		**285,770**	499,882
Attributable to:			
Owners of the Company		**352,921**	487,020
Non-controlling interests		**(67,151)**	12,862
		285,770	499,882
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
Basic and diluted (expressed in RMB per share)		**0.23**	0.32

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
PROFIT FOR THE YEAR	**285,770**	499,882
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**1,445**	(938)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	**(745)**	1,044
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**700**	106
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**286,470**	499,988
Attributable to:		
Owners of the Company	**353,621**	487,126
Non-controlling interests	**(67,151)**	12,862
	286,470	499,988

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**39,087**	36,613
Right-of-use assets	15	**113,743**	103,691
Intangible assets	16	**85,392**	332,921
Investments in joint ventures		**3,828**	2,867
Equity investments designated at fair value through other comprehensive income	17	**32,798**	33,624
Deferred tax assets	24	**16,388**	12,677
Other non-current assets	19	**33,388**	—
Restricted bank deposits	20	**63,280**	11,001
Time deposits	21	**2,230,000**	—
Total non-current assets		**2,617,904**	533,394
CURRENT ASSETS			
Inventories		**6,524**	10,280
Trade receivables	18	**773,364**	573,524
Contract assets	4	**114,467**	75,674
Prepayments, other receivables and other assets	19	**585,658**	453,432
Prepaid income taxes		**26,992**	26,916
Restricted bank deposits	20	**19,567**	29,658
Time deposits	21	**467,260**	9,062
Cash and cash equivalents	20	**2,004,599**	4,695,204
Total current assets		**3,998,431**	5,873,750
CURRENT LIABILITIES			
Trade and bills payables	22	**651,499**	399,277
Other payables and accruals	23	**1,380,519**	1,362,568
Contract liabilities	4	**748,268**	808,732
Lease liabilities	15	**71,910**	64,514
Tax payable		**29,414**	30,189
Total current liabilities		**2,881,610**	2,665,280
NET CURRENT ASSETS		**1,116,821**	3,208,470
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,734,725**	3,741,864

continued/···

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		3,734,725	3,741,864
NON-CURRENT LIABILITIES			
Deferred tax liabilities	24	99,507	77,795
Lease liabilities	15	47,539	43,614
Total non-current liabilities		147,046	121,409
Net assets		3,587,679	3,620,455
Equity			
Equity attributable to owners of the Company			
Share capital	25	2,543,048	2,543,048
Other reserves	26	(273,317)	(296,242)
Retained earnings		1,232,644	1,197,774
		3,502,375	3,444,580
Non-controlling interests		85,304	175,875
Total equity		3,587,679	3,620,455

Director *Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the Company							
	Share capital RMB'000 (note 25)	Statutory reserves RMB'000 (note 26)	Share-based payment reserves RMB'000 (note 26)	Other reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	2,543,048	54,748	—	(387,267)	1,012,036	3,222,565	168,661	3,391,226
Profit for the year	—	—	—	—	487,020	487,020	12,862	499,882
Other comprehensive income/(loss) for the year:								
Exchange differences on translation of foreign operations	—	—	—	(938)	—	(938)	—	(938)
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	1,044	—	1,044	—	1,044
Total comprehensive income for the year	—	—	—	106	487,020	487,126	12,862	499,988
Equity-settled share option arrangements	—	—	6,927	—	—	6,927	—	6,927
Transfer to statutory reserves	—	29,244	—	—	(29,244)	—	—	—
Contribution from non-controlling interests	—	—	—	—	—	—	7,185	7,185
Final 2022 dividend declared	—	—	—	—	(147,627)	(147,627)	—	(147,627)
Interim 2023 dividend (note 12)	—	—	—	—	(124,411)	(124,411)	—	(124,411)
Dividend declared to a non-controlling shareholder	—	—	—	—	—	—	(12,833)	(12,833)
At 31 December 2023	2,543,048	83,992*	6,927*	(387,161)*	1,197,774	3,444,580	175,875	3,620,455
At 1 January 2024	**2,543,048**	**83,992**	**6,927**	**(387,161)**	**1,197,774**	**3,444,580**	**175,875**	**3,620,455**
Profit for the year	**—**	**—**	**—**	**—**	**352,921**	**352,921**	**(67,151)**	**285,770**
Other comprehensive income/(loss) for the year:								
Exchange differences on translation of foreign operations	**—**	**—**	**—**	**1,445**	**—**	**1,445**	**—**	**1,445**
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	**—**	**—**	**—**	**(745)**	**—**	**(745)**	**—**	**(745)**
Total comprehensive income for the year	**—**	**—**	**—**	**700**	**352,921**	**353,621**	**(67,151)**	**286,470**
Shares repurchased	**—**	**—**	**—**	**—**	**(34,304)**	**(34,304)**	**—**	**(34,304)**
Transfer to statutory reserves	**—**	**22,225**	**—**	**—**	**(22,225)**	**—**	**—**	**—**
Final 2023 dividend declared (note 12)	**—**	**—**	**—**	**—**	**(120,606)**	**(120,606)**	**—**	**(120,606)**
Interim 2024 dividend (note 12)	**—**	**—**	**—**	**—**	**(140,916)**	**(140,916)**	**—**	**(140,916)**
Dividend declared to a non-controlling shareholder	**—**	**—**	**—**	**—**	**—**	**—**	**(23,420)**	**(23,420)**
At 31 December 2024	**2,543,048**	**106,217***	**6,927***	**(386,461)***	**1,232,644**	**3,502,375**	**85,304**	**3,587,679**

* These reserve accounts comprise the debit balance of other reserves of RMB273,317,000 (2023: RMB296,242,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		462,499	687,142
Adjustments for:			
Finance costs	7	5,307	4,887
Depreciation of property, plant and equipment	14	13,938	14,957
Depreciation of right-of-use assets	15	78,328	57,983
Amortisation of intangible assets	16	13,177	13,432
Net impairment loss on financial and contract assets	6	15,572	7,638
Impairment of goodwill	6	236,866	—
Equity-settled share option scheme expense	26	—	6,927
(Gain)/loss on disposal of property, plant and equipment	5	(143)	27
Gain on disposal of right-of-use assets	15	(1,754)	—
Share of profits and losses of joint ventures		(961)	(153)
Interest income		(40,843)	—
Net foreign exchange (gains)/losses	5	(711)	5,081
		781,275	797,921
Decrease/(increase) in inventories		3,756	(3,979)
(Increase)/decrease in trade receivables		(209,168)	25,587
Increase in prepayments, other receivables and other assets		(129,870)	(75,197)
Increase in contract assets		(39,938)	(39,301)
Increase in trade and bills payables		252,222	46,170
(Decrease)/increase in other payables and accruals		(6,139)	117,767
(Decrease)/increase in contract liabilities		(60,464)	13,734
Placement of restricted bank deposits		(42,188)	(7,404)
Cash generated from operations		549,486	875,298
Income tax paid		(159,498)	(180,289)
Net cash flows from operating activities		389,988	695,009

continued/…

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Net cash flows from operating activities		389,988	695,009
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(16,714)	(18,802)
Purchases of intangible assets		(2,514)	(2,100)
Proceeds from disposal of property, plant and equipment		445	3,720
Investments in joint ventures		—	(1,781)
Investments in equity investments designated at fair value through other comprehensive income		—	(200)
Increase in time deposits		(3,285,970)	(9,062)
Proceeds from disposal of time deposits		597,772	—
Net cash flows used in investing activities		(2,706,981)	(28,225)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injections from non-controlling interests		—	7,185
Dividends paid to shareholders and non-controlling interests		(261,522)	(273,598)
Shares repurchased	25	(33,634)	—
Principal elements and interest elements of lease payments		(80,612)	(60,875)
Net cash flows used in financing activities		(375,768)	(327,288)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,692,761)	339,496
Cash and cash equivalents at beginning of year		4,695,204	4,360,789
Effect of foreign exchange rate changes, net		2,156	(5,081)
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,004,599	4,695,204
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	2,087,446	4,735,863
Less: Restricted bank deposits	20	(82,847)	(40,659)
Cash and cash equivalents as stated in the statement of financial position and cash flows	20	2,004,599	4,695,204

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Yuexiu Services Group Limited (the "Company") and its subsidiaries (together, the "Group") are primarily engaged in the provision of non-commercial property management and value-added services and commercial property management and operational services in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in Hong Kong on 8 October 2020. The address of its registered office is 26/F, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.

The Group was spun off from Yuexiu Property Company limited ("Yuexiu Property") and separately listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 June 2021. After the listing of the Company, Yuexiu Property remains the controlling shareholder of the Group.

In the opinion of the directors, the ultimate holding company of the Company is Guangzhou Yue Xiu Holdings Limited, which is incorporated in Mainland China.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (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 the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

2. ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The adoption of the above revised standards has had no significant financial effect on the Group's consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

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

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

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual/reporting periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

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

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

Except for HKFRS 18, the Group considers that the other new and revised standards are unlikely to have a significant impact on the Group's results of operations and financial position.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES

Investments in joint ventures

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

The Group's investments in joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's investments in the joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of joint ventures is included as part of the Group's investments in joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

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

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

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

NOTES TO FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (continued)

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

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

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

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

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

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

Building	25 to 40 years
Furniture, fixtures and equipment	3 to 5 years
Leasehold improvements	3 to 5 years
Vehicles	5 years

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

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

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill)

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

Customer relationship and software

Each of the following intangible assets with finite life is stated at cost less any impairment losses and is amortised on the straight-line basis to write off the cost of each of these intangible assets over its respective estimated useful life of:

Customer relationship	7 to 10 years
Computer software	2 to 5 years

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

NOTES TO FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	2 to 6 years

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

(b) Lease liabilities

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Group as a lessee (continued)

(b) Lease liabilities (continued)

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

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of certain buildings and motor vehicles (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

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

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

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

NOTES TO FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

NOTES TO FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

General approach (continued)

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

Stage 1 Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as payables.

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

The Group's financial liabilities include trade and other payables and lease liabilities.

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables)

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventories on the basis of weighted average costs. Costs of the purchased inventories are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

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

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

Provisions

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

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

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

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

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

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

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

NOTES TO FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue from contracts with customers

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

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

The Group provides non-commercial property management and value-added services, and commercial property management and operational services. Depending on the terms of the contracts and the laws that apply to the contract, control of services may be transferred over time or at a point in time. Except for commission income from carpark space sales assistance services, revenue from pre-owned estate agency services and revenue from sales of goods, which are recognised at a point of time, the Group's revenue is mainly recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The Group generally uses the straight-line basis or input method to measure progress towards complete satisfaction of the services.

(a) Non-commercial property management and value-added services

The Group provides non-commercial property management services and value-added services in Mainland China and Hong Kong, including property management services in respect of residential properties, public premises and industrial parks, value-added services to non-property owners and community value-added services.

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

- For non-commercial property management service income provided under a lump sum basis, where the Group acts as a principal and is primary responsible for providing the property management services to the property owners, the Group recognises the fees received or receivable from property owners as its revenue and all related property management costs as its cost of services.
- For non-commercial property management service income provided under a commission basis, the Group acts as an agent and is primarily responsible for arranging and monitoring the services as provided by other suppliers to the property owners. The Group recognises the commission as its revenue, which is calculated by a certain fixed amount or percentage of the total property management fees received or receivable from the property units.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

(a) Non-commercial property management and value-added services (continued)

Value-added services to non-property owners mainly include (i) the provision of sales office and display unit management and pre-delivery support services which are billed on a monthly basis and are recognised as revenue over time when such services are rendered; (ii) carpark space sales assistance services which are recognised as revenue at the point in time when the underlying sales contracts are signed; (iii) preliminary planning and design consultancy services which are recognised as revenue over time when such services are rendered; (iv) integrated design for intelligent system and related services which are recognised as revenue over time when such services are rendered; (v) revenue from sales of goods is recognised at the point in time when the Group delivers the goods to the customers; and (vi) revenue from other value-added services which is charged for each service provided and recognised when the relevant services are rendered.

Community value-added services revenue mainly include (i) revenue from home-living services which is charged for each service provided and recognised over time when the relevant services are rendered; (ii) revenue from space operation services which is recognised over time when the services are rendered; (iii) revenue from pre-owned estate agency services which are recognised at the point in time when the estate sales contracts are signed; (iv) revenue from decoration services which is recognised over time when the services are rendered; (v) revenue from sales of goods is recognised at the point in time when the Group delivers the goods to the customers; and (vi) revenue from other community value-added services which is charged for each service provided and recognised when the relevant services are rendered.

(b) Commercial property management and operational services

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

- commercial operation and management services provided to property owners, developers and tenants, including commercial property management services and other value-added services; and
- market positioning consultancy and tenant sourcing services to property developers and property owners, including market positioning and management consultancy services and tenant sourcing services.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

(b) Commercial property management and operational services (continued)

Commercial property management services provided to property owners, developers and tenants are provided under a lump sum basis or commission basis. Under a lump sum basis, the Group acts as a principal, revenue is recognised on a gross basis when the related services are rendered and all the related management costs are recognised as its cost of services. Under a commission basis, the Group acts as an agent and is primarily responsible for arranging and monitoring the services as provided by other suppliers to the property owners, developers and tenants, the Group recognises the commission as its revenue, which is calculated by a certain fixed amount or percentage of the total commercial property management fees received or receivable from the property units.

Revenue from market positioning and management consultancy services is recognised over time when relevant services are rendered to property developers or owners.

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

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

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

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Contract liabilities

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

Share-based payments

Share-based compensation benefits are provided to employees via employee share option scheme. Information relating to these schemes is set out in note 26.

Employee options

The fair value of options granted under the employee option plan is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (e.g., the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Other employee benefits

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 reporting period in which the employees render the related services are recognised in respect of the 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.

NOTES TO FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Other employee benefits **(continued)**

Pension obligations

The Group participates in various defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions calculated as a percentage of the employees' salaries into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) to offset existing contributions under the defined contribution schemes.

Housing funds, medical insurances and other social insurances

Employees of the Group in Mainland China are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plans. 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.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when 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 present value.

Events after the reporting period

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Renminbi, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

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

The functional currencies of certain overseas subsidiaries are currencies other than Renminbi. As at the end of the reporting period, the assets and liabilities of these entities are translated into Renminbi at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Renminbi at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Renminbi at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Renminbi at the weighted average exchange rates for the year.

NOTES TO FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Principal versus agent considerations

The Group determines whether it is a principal or an agent in providing property management and value-added services and operational services by evaluating the nature of its promise to the customer. If the Group controls promised services before transferring the services to the customer, the Group is a principal and therefore records revenue on a gross basis. Otherwise, if the role of the Group is to arrange to provide the services, the Group is an agent and records as revenue the net amount that it retains. To assess whether the Group controls the services before they are transferred to the customer, the Group has considered various factors, including but not limited to whether the Group is (i) the primary obligor in the arrangement, (ii) has general inventory risk, and (iii) has discretion in establishing the selling price.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of RMB76,973,000 (2023: RMB77,824,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB12,454,000. Further details on deferred taxes are disclosed in note 24 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty

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

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Expected credit losses on trade and other receivables

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

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and impairment losses of financial assets in the periods in which such estimate has been changed. The amount of expected credit losses is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the expected credit losses on the Group's trade and other receivables is disclosed in note 32 to the financial statements.

Estimation of goodwill impairment

The Group tests whether goodwill is impaired at least on an annual basis. The recoverable amounts of cash-generating units ("CGUs") to which the goodwill is allocated were determined based on value-in-use ("VIU") calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated long-term growth rates. These growth rates are consistent with forecasts included in industry reports specific to the industry in which the CGU operates. The discount rate used is pre-tax and reflects specific risks relating to the relevant industry.

Details of impairment test, key assumptions and the impact of possible changes in key assumptions are disclosed in note 16 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Estimation of the useful life of customer relationships

The Group's customer relationships included in intangible assets (note 16) were identified in the business combination that the Group acquired target companies from Guangzhou Metro Group Co., Ltd. ("GZ Metro"). As at the acquisition date, customer relationships for the contracts from GZ Metro amounting to RMB88,273,000 have finite useful life of 10 years. Other than those contracts from GZ Metro, customer relationships amounting to RMB4,099,000 have finite useful life of 7 years.

The revenue of target companies mainly comes from non-commercial property management and value-added services, including metro property management and operational services. Based on the target companies' experience, for metro property management and operational service contacts from GZ Metro, contract termination rarely happened. It is expected that the target companies are likely to provide continuous service for certain projects over 10 years. For contacts from customers other than GZ Metro, taking into account historical attrition rate, the management expects that those contacts will make revenue contribution for at least 7 years. All of the property management and operational service contacts will form stable customer relationships and continue to contribute revenue in the future. The management considers that the estimated useful life of customer relationships of the target companies is consistent with the industry experience.

4. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("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.

The Group has two reportable operating segments, including non-commercial property management and value-added services, commercial property management and operational services.

(a) Segment revenue and results

Segment results represent the profit earned by each segment without other income and gains, net, unallocated operating costs, finance costs and income tax expenses. Revenue recognised at a point in time from contracts with customers mainly represents commission income from carpark space sales assistance services and estate agency services and revenue from sales of goods. Other revenue from contracts with customers is recognised over time.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results (continued)

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

For the year ended 31 December 2024	Non-commercial property management and value-added services RMB'000	Commercial property management and operational services RMB'000	Total RMB'000
Segment revenue			
Revenue from contracts with customers			
– At a point in time	611,297	—	611,297
– Over time	2,522,939	733,504	3,256,443
Revenue from other sources	—	412	412
Total segment revenue	3,134,236	733,916	3,868,152
Segment results	203,686	160,356	364,042
Other income and gains, net			114,029
Unallocated operating costs			(10,265)
Finance costs			(5,307)
Income tax expenses			(176,729)
Profit for the year			285,770
Segment results include:			
Depreciation	37,789	54,477	92,266
Amortisation	13,177	—	13,177
Net impairment losses on financial and contract assets	15,937	(365)	15,572
Impairment of goodwill	236,866	—	236,866
Share of profits and losses of joint ventures	(961)	—	(961)

NOTES TO FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results (continued)

The following is the analysis of the Group's revenue and results by operating and reportable segments: (continued)

For the year ended 31 December 2023	Non-commercial property management and value-added services RMB'000	Commercial property management and operational services RMB'000	Total RMB'000
Segment revenue			
Revenue from contracts with customers			
– At a point in time	473,753	—	473,753
– Over time	2,154,815	593,014	2,747,829
Revenue from other sources	1,549	500	2,049
Total segment revenue	2,630,117	593,514	3,223,631
Segment results	466,245	132,906	599,151
Other income and gains, net			122,214
Unallocated operating costs			(29,336)
Finance costs			(4,887)
Income tax expenses			(187,260)
Profit for the year			499,882
Segment results include:			
Depreciation	32,380	40,560	72,940
Amortisation	13,432	—	13,432
Net impairment losses on financial and contract assets	7,237	401	7,638
Share of profits and losses of joint ventures	(153)	—	(153)

4. OPERATING SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results (continued)

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
Non-commercial property management and value-added services		
– Property management services	1,236,278	1,029,024
– Value-added services to non-property owners	680,808	669,295
– Community value-added services	1,217,150	931,798
Subtotal	3,134,236	2,630,117
Commercial property management and operational services		
– Commercial operation and management services	630,404	486,174
– Market positioning consultancy and tenant sourcing services	103,512	107,340
Subtotal	733,916	593,514
Total	3,868,152	3,223,631

The Group had a large number of customers, other than ultimate holding company, intermediate holding company, fellow subsidiaries, associates and joint ventures of Yuexiu Property and non-controlling interest of Yuexiu Property and its subsidiaries, none of the customers contributed 10% or more of the Group's revenue for the years ended 31 December 2024 and 2023.

(b) Segment assets and liabilities

Segment assets and liabilities are allocated based on the operations of the segment. The Group's equity investments designated at fair value through other comprehensive income ("Equity investments at FVOCI"), prepaid income taxes, deferred tax assets, deferred tax liabilities, tax payable and other corporate assets and liabilities are not directly attributable to segments as they are managed on a group basis.

NOTES TO FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION (CONTINUED)

(b) Segment assets and liabilities (continued)

The segment assets and liabilities of the Group as at 31 December 2024 and 2023 are as follows:

31 December 2024	Non-commercial property management and value-added services RMB'000	Commercial property management and operational services RMB'000	Total RMB'000
Segment assets	4,008,696	1,271,255	5,279,951
Equity investments at FVOCI			32,798
Prepaid income taxes			26,992
Deferred tax assets			16,388
Other corporate assets			1,260,206
Total assets			6,616,335
Segment liabilities	2,344,376	542,522	2,886,898
Deferred tax liabilities			99,507
Tax payable			29,414
Other corporate liabilities			12,837
Total liabilities			3,028,656
Investments in joint ventures	3,828	—	3,828
Capital expenditure*	58,388	57,699	116,087

* Capital expenditure consists of additions to property, plant and equipment, intangible assets and right-of-use assets.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

(b) Segment assets and liabilities (continued)

The segment assets and liabilities of the Group as at 31 December 2024 and 2023 are as follows: (continued)

31 December 2023	Non-commercial property management and value-added services RMB'000	Commercial property management and operational services RMB'000	Total RMB'000
Segment assets	3,791,836	968,116	4,759,952
Equity investments at FVOCI			33,624
Prepaid income taxes			26,916
Deferred tax assets			12,677
Other corporate assets			1,573,975
Total assets			6,407,144
Segment liabilities	2,137,562	529,306	2,666,868
Deferred tax liabilities			77,795
Tax payable			30,189
Other corporate liabilities			11,837
Total liabilities			2,786,689
Investments in joint ventures	2,867	—	2,867
Capital expenditure*	25,113	82,579	107,692

* Capital expenditure consists of additions to property, plant and equipment, intangible assets and right-of-use assets.

NOTES TO FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION (CONTINUED)

(c) Geographical distribution

Revenue from external customers by geographical location is as follows:

	2024 RMB'000	2023 RMB'000
Mainland China	**3,766,996**	3,136,431
Hong Kong	**101,156**	87,200
Total	**3,868,152**	3,223,631

Non-current assets (other than Equity investments at FVOCI and deferred tax assets) located by geographical location are as follows:

	2024 RMB'000	2023 RMB'000
Mainland China	**2,511,065**	419,125
Hong Kong	**57,653**	67,968
Total	**2,568,718**	487,093

(d) Contract assets

The Group has recognised the following assets related to contracts with customers:

	2024 RMB'000	2023 RMB'000
Contract assets relating to construction contracts		
– Related parties (note 29(d))	**81,636**	56,649
– Third parties	**35,416**	20,465
Less: allowance for impairment of contract assets (note 32)	**(2,585)**	(1,440)
Total	**114,467**	75,674

(i) Significant changes in contract assets

Contract assets have increased as the Group has provided more services ahead of the agreed payment schedules for service contracts. The Group also recognised a loss allowance for contract assets following the adoption of HKFRS 9, see note 32 for further information.

(ii) As at 31 December 2024 and 31 December 2023, the amount of contract assets is expected to be completed within one year.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

(e) Contract liabilities

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

	2024 RMB'000	2023 RMB'000
Contract liabilities		
– Related parties (note 29(d))	**115,360**	86,084
– Third parties	**632,908**	722,648
Total	**748,268**	808,732

(i) Significant changes in contract liabilities

Contract liabilities of the Group mainly arise from advance payments made by customers while the underlying services are yet to be provided. Such liabilities decreased as at 31 December 2024 as a result of the recognition of revenue arising from a contract liability.

(ii) Revenue recognised in relation to contract liabilities

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

	2024 RMB'000	2023 RMB'000
Non-commercial property management and value-added services	**694,128**	424,090
Commercial property management and operational services	**19,640**	14,151
Total	**713,768**	438,241

NOTES TO FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION (CONTINUED)

(f) Performance obligations

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

Property management services

The Group recognises revenue in the amount that equals to the rights to invoices which corresponds directly with the value to the customers of the Group's performance to date, on a monthly or quarterly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for those types of contracts. The majority of the property management services contracts do not have a fixed term.

Value-added services and operational services

Except for carpark space sales assistance services, estate agency services and sales of goods, which are satisfied at a point of time, the Group's other value-added services and operational services are mainly satisfied over time. The payment is generally due when the services are rendered or after the date of billing.

The following table shows unsatisfied performance obligations resulting from fixed-price decoration services contracts:

	2024 RMB'000	2023 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	**123,578**	348,139

The amount disclosed above does not include variable consideration which is constrained. All other decoration services contracts are for periods of one year or less or are billed based on time incurred. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. OTHER INCOME AND GAINS, NET

An analysis of other income and gains, net is as follows:

	2024 RMB'000	2023 RMB'000
Interest income from bank deposits	**106,712**	106,925
Dividend income from equity investments designated at fair value through other comprehensive income	**1,232**	—
Additional input value-added tax deduction	**—**	10,587
Government grants (note (a))	**2,713**	6,803
Penalty income	**1,646**	2,179
Net foreign exchange gains/(losses)	**711**	(5,081)
Gains/(losses) on disposal of property, plant and equipment	**143**	(27)
Others	**872**	828
Total	**114,029**	122,214

(a) The government grants obtained by the Group were primarily employment subsidies. There are no unfulfilled conditions or contingencies relating to these grants.

NOTES TO FINANCIAL STATEMENTS

6. PROFIT BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Subcontractor costs for decoration and other services		**555,203**	399,693
Gardening and cleaning		**528,270**	370,052
Cost of goods sold		**226,266**	198,147
Maintenance costs		**268,228**	180,863
Depreciation of property, plant and equipment	14	**13,938**	14,957
Depreciation of right-of-use assets	15	**78,328**	57,983
Amortisation of intangible assets	16	**13,177**	13,432
Research and development costs		**11,322**	11,973
Impairment of goodwill	16	**236,866**	—
Short-term lease payments	15	**40,579**	47,600
Auditors' remuneration			
– Audit services		**1,520**	1,900
– Non-audit services		**660**	1,000
Employee benefit expense:			
Wages, salaries and bonuses		**920,604**	805,437
Pension scheme contributions (note (a))		**139,412**	140,246
Share-based payment		**—**	6,927
Other employee benefits (note (b))		**60,103**	75,623
Total		**1,120,119**	1,028,233

6. PROFIT BEFORE TAX (CONTINUED)

	Notes	2024 RMB'000	2023 RMB'000
Impairment losses on financial and contract assets, net	32		
– Trade receivables		**9,328**	4,449
– Contract assets		**1,145**	1,145
– Prepayments, other receivables and other assets		**5,099**	2,044
Total		**15,572**	7,638
Dividend income from equity investments at fair value through other comprehensive income	5	**(1,232)**	—
Bank interest income	5	**(106,712)**	(106,925)

(a) Employees in the Group's subsidiaries in Mainland China are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's subsidiaries in Mainland China contribute funds which are calculated on a certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. Other than the monthly contributions, the Group pays contributions to privately administered pension insurance plans.

During the year ended 31 December 2024, no forfeited contributions were utilised by the Group to reduce its contributions for the current year (2023: Nil).

(b) Other employee benefits mainly represent employee welfare funds, staff education funds and staff union funds.

7. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest expense on lease liabilities	**5,307**	4,887

NOTES TO FINANCIAL STATEMENTS

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fee	**648**	651
Other emoluments:		
Salaries, allowances and benefits in kind	**1,663**	2,005
Performance-related bonuses	**2,092**	2,124
Pension scheme contributions	**399**	420
Share-based payment	**—**	1,098
Subtotal	**4,154**	5,647
Total	**4,802**	6,298

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

The directors received emoluments from the Group for the year ended 31 December 2024 as follows:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance-related bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Executive Directors					
Mr. Zhang Jianguo (redesignated on 11 September 2024) (note (i))	—	—	—	—	—
Mr. Wang Jianhui (appointed on 11 September 2024)	—	384	457	47	888
Mr. Zhang Chenghao	—	702	785	174	1,661
Mr. Zhang Jin	—	577	850	178	1,605
Non-executive Directors					
Mr. Lin Feng (resigned on 24 April 2024) (note (i))	—	—	—	—	—
Mr. Zhu Huisong (appointed on 24 April 2024) (note (i))	—	—	—	—	—
Mr. Yao Xiaosheng (resigned on 11 September 2024) (note (i))	—	—	—	—	—
Mr. Yang Zhaoxuan (note (i))	—	—	—	—	—
Mr. Zhang Jianguo (appointed on 11 September 2024) (note (i))	—	—	—	—	—
Independent Non-executive Directors					
Ms. Hui Lai Kwan	216	—	—	—	216
Mr. Hung Shing Ming	216	—	—	—	216
Mr. Leung Yiu Man	216	—	—	—	216
Total	648	1,663	2,092	399	4,802

NOTES TO FINANCIAL STATEMENTS

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

The directors received emoluments from the Group for the year ended 31 December 2023 as follows:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance-related bonuses RMB'000	Pension scheme contributions RMB'000	Share-based payment RMB'000	Total RMB'000
Executive Directors						
Mr. Zhang Jianguo (Note (i))	–	–	–	–	–	–
Mr. Zhang Chenghao (appointed on 28 August 2023)	–	730	1,350	150	–	2,230
Mr. Mao Liangmin (resigned on 28 August 2023)	–	400	111	89	549	1,149
Mr. Zhang Jin	–	875	663	181	549	2,268
Non-executive Directors						
Mr. Lin Feng (note (i))	–	–	–	–	–	–
Mr. Yao Xiaosheng (note (i))	–	–	–	–	–	–
Mr. Yang Zhaoxuan (note (i))	–	–	–	–	–	–
Independent Non-executive Directors						
Ms. Hui Lai Kwan	216	–	–	–	–	216
Mr. Hung Shing Ming	216	–	–	–	–	216
Mr. Leung Yiu Man (appointed on 28 August 2023)	75	–	–	–	–	75
Mr. Chan Yuen Hang Kenneth (resigned on 28 August 2023)	144	–	–	–	–	144
Total	651	2,005	2,124	420	1,098	6,298

(i) The emoluments of the Mr. Zhang Jianguo, Mr. Lin Feng, Mr. Zhu Huisong, Mr. Yao Xiaosheng and Mr. Yang Zhaoxuan, in relation to their services rendered for the Group for the years ended 31 December 2024 and 2023 were borne by related parties of the Group. Their emoluments were not allocated to the Group as the management of the Company considers there is no reasonable basis of allocation.

None of the directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

9. FIVE HIGHEST PAID EMPLOYEES

The five individuals whose emoluments were the highest in the Group included 3 (2023: 3) directors for the year ended 31 December 2024, whose emoluments are reflected in the analysis shown in Note 8. The emoluments payable to the remaining 2 (2023: 2) individuals during the year ended 31 December 2024 are as follows:

	2024 RMB' 000	2023 RMB' 000
Basic salaries, housing allowances, other allowances and benefits in kind	1,042	1,318
Discretionary bonuses	1,222	2,688
Share-based payment	—	816
Pension scheme contributions	320	68
Total	2,584	4,890

The emoluments fell within the following bands:

	Number of individuals	
	2024	2023
Emolument bands		
Hong Kong Dollar ("HKD") 1,000,001 to HKD1,500,000	2	—
HKD1,500,001 to HKD2,000,000	—	—
HKD2,000,001 to HKD2,500,000	—	2
Total	2	2

NOTES TO FINANCIAL STATEMENTS

10. SUBSIDIARIES

The subsidiaries of the Group as at 31 December 2024 and 2023 are as follows:

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest attributable to the Group	
				2024	2023
Directly held by the Company:					
Golden Estates Development Limited	The BVI, Limited liability company	United States Dollar ("USD") 2	Investment holding in BVI	100%	100%
Zippenes Limited	The BVI, Limited liability company	USD2	Investment holding in BVI	100%	100%
Brander Limited	The BVI, Limited liability company	USD2	Investment holding in BVI	100%	100%
Richardland Limited	The BVI, Limited liability company	USD2	Investment holding in BVI	100%	100%
Greater Rich Group Limited	The BVI, Limited liability company	USD2	Investment holding in BVI	100%	100%
Digital Victor Holdings limited	The BVI, Limited liability company	USD2	Investment holding in BVI	100%	100%
Smart Value Enterprises Limited	The BVI, Limited liability company	USD2	Investment holding in BVI	100%	100%
Major Benefit Management Ltd.	The BVI, Limited liability company	USD2	Investment holding in BVI	100%	100%
Ever Famous Investments Ltd.	The BVI, Limited liability company	USD2	Investment holding in BVI	100%	100%
Winner Zone Holdings Ltd.	The BVI, Limited liability company	USD2	Investment holding in BVI	100%	100%
All Plus Enterprises Ltd.	The BVI, Limited liability company	USD2	Investment holding in BVI	100%	100%
Guangzhou Yuexiu Service Co., Ltd. (i)	Mainland China, Limited liability company	RMB850,000,000	Investment holding in Mainland China	100%	100%

10. SUBSIDIARIES (CONTINUED)

The subsidiaries of the Group as at 31 December 2024 and 2023 are as follows: (continued)

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest attributable to the Group	
				2024	2023
Indirectly held by the Company:					
Guangzhou Yuexiu Property Development Co., Ltd. (i)	Mainland China, Limited liability company	RMB100,000,000	Property management in Mainland China	100%	100%
Guangzhou City Construction & Development Weicheng Enterprise Ltd. (i)	Mainland China, Limited liability company	RMB955,300	Property management in Mainland China	100%	100%
Guangzhou Yueguan Intelligent Technology Co., Ltd. (i)	Mainland China, Limited liability company	RMB20,000,000	Property management in Mainland China	100%	100%
Guangzhou Yuexiuhui Information Technology Co., Ltd. (i)	Mainland China, Limited liability company	RMB5,000,000	Property management in Mainland China	100%	100%
Guangzhou Weicheng Property Management Co., Ltd. (i)	Mainland China, Limited liability company	RMB600,000	Property management in Mainland China	100%	100%
Guangzhou Wanlian Property Management Operation Co., Ltd. (i)	Mainland China, Limited liability company	RMB600,000	Property management in Mainland China	100%	100%
Guangzhou City Yuexiu Property Management Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Property management in Mainland China	60%	60%
Yuexiu Property (Shandong) Property Management Co., Ltd. (i)	Mainland China, Limited liability company	RMB3,000,000	Property management in Mainland China	100%	100%
Zhongshan Yuexiu Real Estate Property Management Co., Ltd. (i)	Mainland China, Limited liability company	RMB3,000,000	Property management in Mainland China	100%	100%
Yuexiu Property (Jiangmen) Property Management Co., Ltd. (i)	Mainland China, Limited liability company	RMB3,000,000	Property management in Mainland China	100%	100%
Jiangmen Yuexiu Riverside Property Service Co., Ltd. (i)	Mainland China, Limited liability company	RMB5,000,000	Property management in Mainland China	67%	67%
Wuhan Modern Property Management Co., Ltd. (i)	Mainland China, Limited liability company	RMB500,000	Property management in Mainland China	70%	70%

NOTES TO FINANCIAL STATEMENTS

10. SUBSIDIARIES (CONTINUED)

The subsidiaries of the Group as at 31 December 2024 and 2023 are as follows: (continued)

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest attributable to the Group	
				2024	2023
Indirectly held by the Company : (continued)					
Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd. (i)	Mainland China, Limited liability company	RMB100,000,000	Property management in Mainland China	100%	100%
Guangzhou Yuexiu Commercial Management Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Property management in Mainland China	100%	100%
Guangzhou Yue Xiu City Construction Jones Lang Lasalle Property Services Co., Ltd. ("GZYXJLL") (i)	Mainland China, Limited liability company	RMB5,000,000	Property management in Mainland China	80%	80%
Guangzhou Baima Business Operation Management Co., Ltd. (i)	Mainland China, Limited liability company	RMB19,000,000	Property management in Mainland China	100%	100%
Guangzhou Zhonggang Leather Trading Centre Business Operation Management Co., Ltd.	Mainland China, Limited liability company	RMB10,000,000	Property management in Mainland China	100%	100%
Guangzhou Kangsai Economic Information Consulting Co., Ltd. (i)	Mainland China, Limited liability company	RMB10,000,000	Interior decoration in Mainland China	100%	100%
Guangzhou Lexi Industrial Development Co., Ltd. (i)	Mainland China, Limited liability company	RMB50,000,000	Property management in Mainland China	100%	100%
Guangzhou Yueting International Economic Information Consulting Co., Ltd. (i)	Mainland China, Limited liability company	RMB10,000,000	Property management in Mainland China	100%	100%
Guangzhou Lianxiu Economic Information Consulting Co., Ltd. (i)	Mainland China, Limited liability company	RMB10,000,000	Property management in Mainland China	100%	100%
Guangzhou Metro Environmental Engineering Co., Ltd. ("GZMEE") (i)	Mainland China, Limited liability company	RMB10,060,000	Agency in Mainland China	67%	67%
Guangzhou Metro Property Management Co., Ltd. ("GZMPM") (i) (ii)	Mainland China, Limited liability company	RMB5,010,000	Security service in Mainland China	67%	67%

10. SUBSIDIARIES (CONTINUED)

The subsidiaries of the Group as at 31 December 2024 and 2023 are as follows: (continued)

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest attributable to the Group	
				2024	2023
Indirectly held by the Company : (continued)					
Guangyue Property Management (Guangzhou) Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Property management in Mainland China	60%	60%
Zhejiang Yuexiu Property Management Co., Ltd. (i)	Mainland China, Limited liability company	RMB10,000,000	Property management in Mainland China	100%	100%
Yuexiu (Wuhan) Property Management Co., Ltd. (i)	Mainland China, Limited liability company	RMB3,000,000	Property management in Mainland China	100%	100%
Yuexiu Property (Shenyang) Property Management Co., Ltd. (i)	Mainland China, Limited liability company	RMB3,000,000	Property management in Mainland China	100%	100%
Guangzhou Chengbin Property Management Co., Ltd. (i)	Mainland China, Limited liability company	RMB3,000,000	Property management in Mainland China	100%	100%
Guang Zhou Yue Meiju Industrial Co., Ltd. (i)	Mainland China, Limited liability company	RMB5,000,000	Interior decoration in Mainland China	100%	100%
Wuxi Yuexiu Property Development Co., Ltd. (i)	Mainland China, Limited liability company	RMB2,000,000	Property management in Mainland China	51%	51%
Ningbo Yuexiu Property Service Co., Ltd. (i)	Mainland China, Limited liability company	RMB5,000,000	Property management in Mainland China	100%	100%
Guangzhou Haiyue Property Service Co., Ltd. (i)	Mainland China, Limited liability company	RMB3,000,000	Property management in Mainland China	100%	100%
Guangzhou Yuefu Real Estate Agency Co., Ltd. (i)	Mainland China, Limited liability company	RMB5,000,000	Agency in Mainland China	100%	100%
Guangdong Yue zhi Dun Security Service Co., Ltd. (i)	Mainland China, Limited liability company	RMB12,000,000	Security service in Mainland China	100%	100%

NOTES TO FINANCIAL STATEMENTS

10. SUBSIDIARIES (CONTINUED)

The subsidiaries of the Group as at 31 December 2024 and 2023 are as follows: (continued)

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest attributable to the Group	
				2024	2023
Indirectly held by the Company : (continued)					
Guangzhou Yueyun Wisdom Technology Co., Ltd. (i)	Mainland China, Limited liability company	RMB8,000,000	Property management in Mainland China	100%	100%
Hubei Yuexiu Construction Operation Management Co., Ltd. (i)	Mainland China, Limited liability company	RMB5,000,000	Property management in Mainland China	51%	51%
Zhengzhou Jinyue Property Service Co, Ltd. (i)	Mainland China, Limited liability company	RMB5,000,000	Property management in Mainland China	51%	N/A
Guangzhou Tianhe District Yuefu Real Estate Brokerage Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Agency in Mainland China	100%	100%
Hangzhou Yuefu Real Estate Brokerage Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Agency in Mainland China	100%	100%
Guangzhou Nansha District Yuefu Real Estate Brokerage Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Agency in Mainland China	100%	100%
Suzhou Yuefu Real Estate Agency Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Agency in Mainland China	100%	100%
Guangzhou Yuexiu South Intelligence Media Commercial Operation Co., Ltd. (i)	Mainland China, Limited liability company	RMB3,000,000	Property management in Mainland China	60%	60%
Guangzhou Yuexing Real estate Consulting Co., Ltd. (i)	Mainland China, Limited liability company	RMB3,000,000	Contract consulting Service in Mainland China	100%	100%
Jiangmen Yuefu Real Estate Agency Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Agency in Mainland China	100%	100%
Zhongshan Yuefu Real Estate Agency Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Agency in Mainland China	100%	100%
Wuxi Yixiu Property Development Co., Ltd. (i)	Mainland China, Limited liability company	RMB5,000,000	Property management in Mainland China	40.8%	40.8%

10. SUBSIDIARIES (CONTINUED)

The subsidiaries of the Group as at 31 December 2024 and 2023 are as follows: (continued)

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest attributable to the Group	
				2024	2023
Indirectly held by the Company : (continued)					
Yantai Yuefu Real Estate Agency Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Agency in Mainland China	100%	100%
Qingdao Yuefu Real Estate Agency Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Agency in Mainland China	100%	100%
Wuhan Yuefu Real Estate Agency Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Agency in Mainland China	100%	100%
Chengdu Yuefu Real Estate Agency Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Agency in Mainland China	100%	100%
Shenyang Yuefu Real Estate Agency Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Agency in Mainland China	100%	100%
Guangzhou Yuexiu Yunyue Property Services Co., Ltd. (i)	Mainland China, Limited liability company	RMB3,000,000	Property management in Mainland China	100%	100%
Wuhan City Yuexiu Hanjin City Operation Services Co., Ltd. (i)	Mainland China, Limited liability company	RMB5,000,000	Property management in Mainland China	51%	51%
Guangzhou Yuexiu Cultural Tourism Development Co., Ltd. (i)	Mainland China, Limited liability company	RMB5,000,000	Property management in Mainland China	100%	100%
Hainan Yuexiu Kaiwei Property Services Co., Ltd. (i)	Mainland China, Limited liability company	RMB2,000,000	Property management in Mainland China	51%	51%
Guangzhou City Bingxin Property Management Co., Ltd. (i)	Mainland China, Limited liability company	RMB6,000,000	Property management in Mainland China	100%	100%
Guangzhou Yuejia Real Estate Consulting Co., Ltd. (i)	Mainland China, Limited liability company	RMB3,000,000	Consulting services in Mainland China	100%	100%
Guangzhou Yuexiu Yicheng South District Commercial Operation Management Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Commercial service in Mainland China	100%	100%
Guangzhou Yueao Elevator Technology Co., Ltd. (i)	Mainland China, Limited liability company	RMB10,000,000	Commercial service in Mainland China	51%	51%

NOTES TO FINANCIAL STATEMENTS

10. SUBSIDIARIES (CONTINUED)

The subsidiaries of the Group as at 31 December 2024 and 2023 are as follows: (continued)

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest attributable to the Group	
				2024	2023
Indirectly held by the Company : (continued)					
Guangzhou Yuexiu Wanggu City Service Co., Ltd. (i)	Mainland China, Limited liability company	RMB3,000,000	Commercial service in Mainland China	51%	51%
Chongqing Yuyue Property Service Co., Ltd. (i)	Mainland China, Limited liability company	RMB5,000,000	Commercial service in Mainland China	51%	51%
Guangzhou Yueyang Information Technology Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Commercial service in Mainland China	100%	100%
Guangzhou Yueshun Information Technology Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Commercial service in Mainland China	100%	100%
Hangzhou Yuechen Information Technology Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Commercial service in Mainland China	100%	100%
Guangzhou Nansha Yuemin Information Technology Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Commercial service in Mainland China	100%	100%
Wuhan Yuepin Information Technology Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Commercial service in Mainland China	100%	N/A
Sichuan Yuejiaxiang Information Technology Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Commercial service in Mainland China	100%	N/A
Zhongshan Yuegao Information Technology Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Commercial service in Mainland China	100%	N/A
Qingdao Yuefu Information Technology Co., Ltd. (i)	Mainland China, Limited liability company	RMB1,000,000	Commercial service in Mainland China	100%	N/A
Suzhou Yuequ Commercial Property Management Co., Ltd (i)	Mainland China, Limited liability company	RMB3,000,000	Commercial service in Mainland China	100%	100%
Link Access Limited	Hong Kong, Limited liability company	HKD10,868,175	Investment holding in Hong Kong	100%	100%
Fort Fortune Limited	Hong Kong, Limited liability company	HKD10,980,906	Investment holding in Hong Kong	100%	100%

10. SUBSIDIARIES (CONTINUED)

The subsidiaries of the Group as at 31 December 2024 and 2023 are as follows: (continued)

Company name	Place of incorporation and kind of legal entity	Registered/ issued and paid-up capital	Principal activities and place of operation	Ownership interest attributable to the Group 2024	2023
Indirectly held by the Company : (continued)					
Broadland International Limited	Hong Kong, Limited liability company	HKD21,299,853	Investment holding in Hong Kong	100%	100%
Fort Yield Limited	Hong Kong, Limited liability company	HKD1,604,782	Investment holding in Hong Kong	100%	100%
Health International Limited	Hong Kong, Limited liability company	HKD1	Investment holding in Hong Kong	100%	100%
Affirm Greatest Limited	Hong Kong, Limited liability company	HKD1	Investment holding in Hong Kong	100%	100%
Tristate Investment Development Limited	Hong Kong, Limited liability company	HKD1	Investment holding in Hong Kong	100%	100%
Yue Xiu APT Parking Limited	Hong Kong, Limited liability company	HKD28,010,000	Property Management in Hong Kong	100%	100%
Yue Xiu Property Management Limited	Hong Kong, Limited liability company	HKD10,000	Property Management in Hong Kong	100%	100%
Pine Tech Corporation Limited	Hong Kong, Limited liability company	HKD1	Investment holding in Hong Kong	100%	100%
Tri-Full Limited	Hong Kong, Limited liability company	HKD1	Investment holding in Hong Kong	100%	100%
Fortune Choice (China) Limited	Hong Kong, Limited liability company	HKD1	Investment holding in Hong Kong	100%	100%
Shun Hing (China) Limited	Hong Kong, Limited liability company	HKD1	Investment holding in Hong Kong	100%	100%

(i) The English names of the subsidiaries in Mainland China represent the best effort by the management of the Group in translating their Chinese names as they do not have official English names.

(ii) GZMPM is a wholly-owned subsidiary of GZMEE (collectively, the "GZMEE Group").

NOTES TO FINANCIAL STATEMENTS

10. SUBSIDIARIES (CONTINUED)

Subsidiaries with material non-controlling interests

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

Summarised consolidated financial position	GZMEE Group	
	2024 RMB'000	2023 RMB'000
Current assets	317,466	247,865
Current liabilities	(202,070)	(103,627)
Current net assets	115,396	144,238
Non-current assets	63,356	73,183
Non-current liabilities	(15,220)	(19,182)
Non-current net assets	48,136	54,001
Net assets	163,532	198,239
Accumulated non-controlling interests ("NCI")	58,668	151,897

Summarised consolidated statement of comprehensive income	GZMEE Group	
	2024 RMB'000	2023 RMB'000
Revenue	378,263	291,866
Profit for the year	25,688	21,933
Other comprehensive income	—	—
Total comprehensive income	25,688	21,933
Profit allocated to NCI	8,477	7,238
Impairment of goodwill allocated to NCI	(78,166)	—
Dividends paid to NCI	—	—

Summarised cash flows	GZMEE Group	
	2024 RMB'000	2023 RMB'000
Cash flows from operating activities	36,741	16,258
Cash flows used in investing activities	(1,880)	(2,692)
Cash flows used in financing activities	(1,951)	(2,308)
Net increase in cash and cash equivalents	32,910	11,258

11. INCOME TAX

	2024 RMB'000	2023 RMB'000
Current income tax	**158,647**	170,255
Deferred income tax (note 24)	**18,082**	17,005
Total	**176,729**	187,260

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 tax	**462,499**	687,142
Tax calculated at corporate income tax rate of 25%	**115,625**	171,786
Effect of different tax rates applicable to certain subsidiaries	**(10,039)**	(7,269)
Income not subject to tax	**(410)**	(2,144)
Expenses not deductible for tax purposes	**60,004**	323
Additional deduction for tax incentives	**(1,698)**	(1,796)
Tax losses and deductible temporary differences for which no deferred income tax asset was recognised	**2,700**	2,558
Utilisation of previously unrecognised tax losses	**(19)**	(355)
Share of results of joint ventures	**(220)**	(38)
Corporate withholding income tax	**10,786**	24,195
Income tax expenses	**176,729**	187,260

Hong Kong profits tax

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax regime, the first HKD2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HKD2,000,000 will be taxed at 16.5%.

The two-tiered profits tax regime was applicable to certain group companies incorporated in Hong Kong during the years ended 31 December 2024 and 2023.

NOTES TO FINANCIAL STATEMENTS

11. INCOME TAX (CONTINUED)

PRC corporate income tax

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The general enterprise income tax rate in Mainland China is 25%. Certain operations of the Group in Mainland China were qualified as "Small Low-Profit Enterprises" and taxed at the reduced tax rate of 20% from 1 January 2008. During the year ended 31 December 2024, the Small Low-Profit Enterprises whose taxable income is less than RMB3,000,000 enjoy the preferential income tax treatment with the income tax rate of 20% and are eligible to have their tax calculated based on 25% of their taxable income.

Guangzhou Yueguan Intelligent Technology Co., Ltd. ("Yueguan Intelligent") was qualified as a "High and New Technology Enterprise" in 2019 and subject to a reduced preferential enterprise income tax rate of 15% since 1 January 2019. On 12 December 2022, the filing of Yueguan Intelligent's renewal of the High and New Technology Enterprise qualification for another 3 years starting from 1 January 2022 was completed.

According to the new Enterprise Income Tax Law of the PRC, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding companies outside Mainland China when their subsidiaries in Mainland China declare dividends out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the Hong Kong holding companies satisfied the requirements of the tax treaty arrangements between Mainland China and Hong Kong. For the Group, the applicable tax rate is 5%. There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

12. DIVIDENDS

The directors proposed a final dividend of HKD0.083 per ordinary share (2023: HKD0.087 per ordinary share), totalling approximately RMB114,894,000 (2023: RMB120,606,000). Such dividend is to be approved by the shareholders at the Annual General Meeting on 18 June 2025. These financial statements do not reflect this dividend payable.

	2024 RMB'000	2023 RMB'000
2024 interim, declared and paid, of HKD0.100 equivalent to RMB0.091 (2023: HKD0.089 equivalent to RMB0.081) per ordinary share	140,916	124,411
2024 final, proposed, of HKD0.083 equivalent to RMB0.078 (2023: HKD0.087 equivalent to RMB0.079) per ordinary share	114,894	120,606
Total	255,810	245,017

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) Basic 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.

	2024	2023
Profit attributable to owners of the Company (RMB'000)	**352,921**	487,020
Weighted average number of ordinary shares (in thousands)	**1,518,985**	1,522,030
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB per share)	**0.23**	0.32

(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 weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Since there were no dilutive potential ordinary shares during the years ended 31 December 2024 and 2023, diluted earnings per share is equal to basic earnings per share.

NOTES TO FINANCIAL STATEMENTS

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture, fixtures and equipment RMB'000	Leasehold improvements RMB'000	Vehicles RMB'000	Total RMB'000
31 December 2024					
Opening net book amount	4,119	31,057	396	1,041	36,613
Additions	—	13,131	2,413	1,170	16,714
Disposals	—	(296)	—	(6)	(302)
Depreciation charge	(190)	(12,483)	(894)	(371)	(13,938)
Closing net book amount	3,929	31,409	1,915	1,834	39,087
As at 31 December 2024					
Cost	6,071	95,485	9,146	4,315	115,017
Accumulated depreciation	(2,142)	(64,076)	(7,231)	(2,481)	(75,930)
Net book amount	3,929	31,409	1,915	1,834	39,087

	Buildings RMB'000	Furniture, fixtures and equipment RMB'000	Leasehold improvements RMB'000	Vehicles RMB'000	Total RMB'000
31 December 2023					
Opening net book amount	4,309	30,441	619	1,146	36,515
Additions	—	18,133	70	599	18,802
Disposals	—	(3,484)	—	(263)	(3,747)
Depreciation charge	(190)	(14,033)	(293)	(441)	(14,957)
Closing net book amount	4,119	31,057	396	1,041	36,613
As at 31 December 2023					
Cost	6,071	85,066	6,733	3,201	101,071
Accumulated depreciation	(1,952)	(54,009)	(6,337)	(2,160)	(64,458)
Net book amount	4,119	31,057	396	1,041	36,613

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings used in its operations. Leases of buildings have lease terms between 2 and 6 years. The short-term leases of the Group are mainly related to buildings.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Buildings RMB'000
Year ended 31 December 2024	
Opening net book amount	103,691
Additions	96,859
Depreciation charge	(78,328)
Termination	(8,479)
Closing net book amount	113,743
As at 31 December 2024	
Cost	269,707
Accumulated depreciation	(155,964)
Net book amount	113,743
Year ended 31 December 2023	
Opening net book amount	76,394
Additions	86,790
Depreciation charge	(57,983)
Termination	(1,510)
Closing net book amount	103,691
As at 31 December 2023	
Cost	218,021
Accumulated depreciation	(114,330)
Net book amount	103,691

NOTES TO FINANCIAL STATEMENTS

15. LEASES (CONTINUED)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	**108,128**	78,836
New leases	**96,859**	86,790
Accretion of interest recognised during the year	**5,307**	4,887
Payments	**(80,612)**	(60,875)
Termination of lease	**(10,233)**	(1,510)
Carrying amount at 31 December	**119,449**	108,128
Analysed into:		
Current portion	**71,910**	64,514
Non-current portion	**47,539**	43,614

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

	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets	**78,328**	57,983
Interest expense (included in finance costs) (note 7)	**5,307**	4,887
Short-term lease payments (included in cost of sales and administrative expenses) (note 6)	**40,579**	47,600
Gain on disposal of ROU arising from a change in the non-cancellable period of a lease	**(1,754)**	—
Total amount recognised in profit or loss	**122,460**	110,470

(d) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	**40,579**	47,600
Within financing activities	**80,612**	60,875
Total	**121,191**	108,475

16. INTANGIBLE ASSETS

	Goodwill RMB'000	Customer relationships RMB'000	Computer software RMB'000	Total RMB'000
31 December 2024				
Opening net book amount	260,408	63,349	9,164	332,921
Additions	—	—	2,514	2,514
Amortisation	—	(9,413)	(3,764)	(13,177)
Impairment	(236,866)	—	—	(236,866)
Closing net book amount	23,542	53,936	7,914	85,392
As at 31 December 2024				
Cost	260,408	92,372	27,617	380,397
Accumulated amortisation and impairment	(236,866)	(38,436)	(19,703)	(295,005)
Net book amount	23,542	53,936	7,914	85,392
31 December 2023				
Opening net book amount	**260,408**	**72,762**	**11,083**	**344,253**
Additions	**—**	**—**	**2,100**	**2,100**
Amortisation	**—**	**(9,413)**	**(4,019)**	**(13,432)**
Closing net book amount	**260,408**	**63,349**	**9,164**	**332,921**
As at 31 December 2023				
Cost	**260,408**	**92,372**	**25,103**	**377,883**
Accumulated amortisation	**—**	**(29,023)**	**(15,939)**	**(44,962)**
Net book amount	**260,408**	**63,349**	**9,164**	**332,921**

Note:

(i) Impairment test for goodwill

The goodwill arose from the acquisition of Guangzhou Metro Environmental Engineering Co., Ltd. ("GZMEE") and its subsidiary Guangzhou Metro Property Management Co., Ltd. ("GZMPM", collectively, the "GZMEE Group") in 2020 and the acquisition of Guangzhou City Bingxin Property Management Co., Ltd. ("Bingxin Property Management") in 2022 with carrying amounts of RMB253,344,000 and RMB7,064,000, respectively. Goodwill arising from the acquisition of the GZMEE Group and Bingxin Property Management is monitored by the management at the level of non-commercial property management and value-added services segment. Goodwill has been assessed based on the related CGUs for impairment testing.

NOTES TO FINANCIAL STATEMENTS

16. INTANGIBLE ASSETS (CONTINUED)

Note: (continued)

(i) Impairment test for goodwill (continued)

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill as at 31 December 2024 and 2023:

	2024	2023
For GZMEE Group CGU:		
Revenue (annual growth rate)	-3%-20%	15%-29%
Gross margin (% of revenue)	8%-9%	15%-17%
Long-term growth rate	2%	2.5%
Pre-tax discount rate	18.37%	19.55%
For Bingxin Property Management CGU:		
Revenue (annual growth rate)	-11%-42%	-11%-23%
Gross margin (% of revenue)	10%-15%	15%-20%
Long-term growth rate	2%	2.5%
Pre-tax discount rate	17.80%	18.99%

There were significant decline in revenue growth rate and gross margin projections for the GZMEE Group CGU in 2024.The decline in the annual growth rate of revenue is primarily attributable to discontinuation of certain value-added services and cleaning services to a related party at the end of the year.

The decline in the gross margin is primarily driven by the customers' more stringent service requirements and the reduced average price per head in the service contracts renewed and newly signed at the end of the year, and the new contracts will be reflected in the upcoming years.

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determining values
Revenue	Annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.
Gross margin	Based on past performance and management's expectations for the future.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rate	Reflects specific risks relating to the relevant CGU.

The goodwill represents the excess of the acquisition consideration transferred over the fair value of the net identifiable assets acquired as at the acquisition date. The carrying amount of the GZMEE Group CGU which belonged to the non-commercial property management and value-added services segment, was impaired by RMB236,866,000 during the year ended 31 December 2024 (2023: Nil). The recoverable amount of the cash-generating unit was RMB180,768,000 as at 31 December 2024. Such recoverable amount of the CGU is determined based on the value in use (VIU calculation), which requires the Group to estimate the future cash flows expected to arise from the CGU and suitable discount rates in order to calculate the present value. The impairment in 2024 was mainly attributable to expected decrease in revenue and gross profits arising from the renewed service contracts signed with related parties at the end of year.

16. INTANGIBLE ASSETS (CONTINUED)

Note: (continued)

(i) Impairment test for goodwill (continued)

Impact of possible changes in key assumptions

As at 31 December 2024, in the opinion of the directors of the Company, for the GZMEE Group CGU, a reasonably possible change in the key assumptions of the cash flow projections would cause its carrying amount exceed its recoverable amount. If the estimated revenue growth rate used in the VIU calculation had been increased or decreased by 1.0%, the impairment loss would have decreased by RMB3,521,000 or increased by RMB1,696,000, respectively, during the year ended 31 December 2024. If the estimated gross profit margins used in the VIU calculation had been increased or decreased by 0.5%, the impairment loss would have decreased by RMB17,727,000 or increased by RMB15,989,000, respectively, during the year ended 31 December 2024. If the estimated long-term growth rate used in the VIU calculation had been increased or decreased by 1%, the impairment loss would have decreased by RMB4,248,000 or increased by RMB3,585,000, respectively, during the year ended 31 December 2024. If the pre-tax discount rate applied to the cash flow projections of the CGU had been increased or decreased by 0.5%, the impairment loss would have increased by RMB4,255,000 or decreased by RMB4,538,000, respectively, during the year ended 31 December 2024.

As at 31 December 2024, in the opinion of the directors of the Company, for the Bingxin Property Management CGU, if the budgeted revenue used in the VIU calculation had been decreased by 99.79% (2023: 72.00%) or the estimated gross profit margins used in the VIU calculation had been decreased by 8.69% (2023: 12.58%), or the pre-tax discount rate applied to the cash flow projections of the CGU had been increased by 31.63% (2023: 40.42%), the Group would have had to recognise an impairment against goodwill. The estimated long-term growth rate used in the VIU calculation for the CGU would not lead to an impairment against goodwill.

17. EQUITY INVESTMENTS AT FAIR VALE THROUGH OTHER COMPREHENSIVE INCOME

(i) Classification of equity investments at FVOCI

Equity investments at FVOCI comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category, as the Group considers these are strategic investments.

NOTES TO FINANCIAL STATEMENTS

17. EQUITY INVESTMENTS AT FAIR VALE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(ii) Equity investments at FVOCI

	2024 RMB'000	2023 RMB'000
Non-current assets		
Unlisted equity instruments		
Guangzhou Yuebang Enterprise Management Co., Ltd. ("Yuebang")	662	200
Guangzhou Construction & Development Property Holdings Mingte Network Development Co., Ltd. ("Mingte")	1,989	1,804
Guangzhou Yuetou Commercial Factoring Co., Ltd. ("Yuetou Commercial Factoring")	30,147	31,620
Total	32,798	33,624

As at 31 December 2024 and 2023, the unlisted equity instruments at FVOCI represent the Group's 10%, 5% and 10% equity interests in Yuebang, Mingte and Yuetou Commercial Factoring, respectively.

(iii) Movements in equity investments at FVOCI during the years ended 31 December 2024 and 2023 are as follows:

	2024 RMB'000	2023 RMB'000
Opening balance	33,624	32,156
Additions	—	200
(Losses)/gains recognised in other comprehensive income	(826)	1,268
Total	32,798	33,624

As at 31 December 2024, equity investments at FVOCI were all denominated in RMB.

18. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables (note (a))		
– Related parties (note 29(d))	**428,222**	341,997
– Third parties	**390,232**	267,289
Subtotal	**818,454**	609,286
Less: allowance for impairment of trade receivables (note 32)	**(45,090)**	(35,762)
Total	**773,364**	573,524

(a) Trade receivables mainly arise from property management services under a lump sum basis and value-added services. Property management services income under a lump sum basis are received in accordance with the terms of the relevant service agreements. Value-added services income are due for payment by property owners and tenants upon the issuance of demand notes. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at 31 December 2024 and 2023, the ageing analysis of the trade receivables based on the invoice date is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	**679,158**	524,387
1 to 2 years	**99,357**	62,321
2 to 3 years	**24,936**	6,345
Over 3 years	**15,003**	16,233
Total	**818,454**	609,286

As at 31 December 2024, a provision of RMB45,090,000 (2023: RMB35,762,000) was made against the gross amounts of trade receivables. The Group's trade receivables were mainly denominated in RMB.

NOTES TO FINANCIAL STATEMENTS

19. PREPAYMENTS, OTHER RECEIVABLES, OTHER ASSETS AND OTHER NON-CURRENT ASSETS

	2024 RMB'000	2023 RMB'000
Other receivables		
– Property management costs recoverable (note (a))	**136,609**	110,286
– Payments on behalf of third-party residents and tenants (note (b))	**128,727**	105,299
– Guarantee deposits paid (note (c))	**145,969**	103,261
– Others	**104,240**	86,282
	515,545	405,128
Less: allowance for impairment of other receivables (note 32)	**(17,070)**	(11,971)
	498,475	393,157
Prepayments		
– Related parties (note 29 (d))	**2,080**	4,461
– Third parties	**63,573**	42,614
	65,653	47,075
Accrued interest receivable	**40,843**	—
Other prepaid taxes	**14,075**	13,200
Total	**619,046**	453,432
Portion classified as non-current:		
Accrued interest receivable	**33,388**	—
Current portion	**585,658**	453,432

(a) The amounts mainly represent costs incurred in relation to property management services provided under a commission basis which could be recovered from property owners and tenants.

(b) The amounts represent payments of utility charges on behalf of third-party property owners and tenants.

(c) The amounts mainly represent performance guarantee deposits paid to property owners for the provision of property management services.

The Group's other receivables, prepayments and deposits were mainly denominated in RMB.

20. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	2024 RMB'000	2023 RMB'000
Cash and bank balances (note (a))	**2,087,446**	4,735,863
Less: Restricted bank deposits (note (b))	**(82,847)**	(40,659)
Cash and cash equivalents	**2,004,599**	4,695,204

(a) Cash and bank balances were denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
RMB	**2,021,174**	4,664,734
USD	**29**	—
HKD	**66,243**	71,129
Total	**2,087,446**	4,735,863

As at 31 December 2024, the cash and bank balances of the Group denominated in RMB amounted to RMB2,021,174,000 (31 December 2023: RMB4,664,734,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

(b) Restricted bank deposits

Restricted bank deposits represent guarantee deposits for the provision of property management services according to the requests by property owners.

NOTES TO FINANCIAL STATEMENTS

21. TIME DEPOSITS

	2024 RMB'000	2023 RMB'000
Bank deposits with maturity over three months (note a)	**1,617,260**	9,062
Deposit certificates (note b)	**1,080,000**	—
Total	**2,697,260**	9,062
Analysed into:		
Current	**467,260**	9,062
Non-current	**2,230,000**	—

(a) Bank deposits with maturity over three months

These balances represent bank deposits with maturity of over three months with an expected rate of return of 2.10% to 3.30% (2023: 5.00%) per annum for the year ended 31 December 2024.

(b) Deposit certificates

The deposit certificates are deposited with creditworthy banks with no recent history of default. The deposit certificates are made for varying periods of between three months and three years, and earn interest at the respective fixed rates ranging from 2.60% to 2.65%. The deposit certificates are classified and measured at amortised cost as they give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding and are held within a business model with the objective to hold in order to collect contractual cash flows.

22. TRADE AND BILLS PAYABLES

	2024 RMB'000	2023 RMB'000
Trade and bills payables		
– Related parties (note 29 (d))	**18,414**	15,787
– Third parties	**633,085**	383,490
Total	**651,499**	399,277

As at 31 December 2024 and 2023, the ageing analysis of the trade and bills payables based on the invoice date is as follows:

	2024 RMB'000	2023 RMB'000
Up to 1 year	**627,642**	367,560
1 to 2 years	**8,170**	15,944
2 to 3 years	**6,347**	3,017
Over 3 years	**9,340**	12,756
Total	**651,499**	399,277

The trade and bills payables are non-interest-bearing and are normally settled on terms of one year.

NOTES TO FINANCIAL STATEMENTS

23. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Other payables		
– Advances for property management services (note (a))	**244,757**	310,223
– Guarantee deposits received (note (b))	**517,857**	475,878
– Receipts on behalf of residents or tenants (note (c))	**256,948**	225,392
– Dividend payables to related parties	**34,693**	11,273
– Accrued expenses	**105,603**	105,725
– Others	**12,823**	20,061
Subtotal	**1,172,681**	1,148,552
Accrued payroll liabilities	**181,434**	179,508
Other tax payables	**26,404**	34,508
Total	**1,380,519**	1,362,568

(a) The amounts represent advances received from property owners and tenants for settlement of costs to be incurred in relation to property management services provided under a commission basis.

(b) The amounts mainly represent performance guarantee deposits received from other service providers and renovation and utility security deposits received from property owners and tenants.

(c) The amounts mainly represent advances received from property owners and tenants for settlement of their utility charges.

Majority of the Group's other payables and accrued charges are denominated in RMB. Other payables are non-interest-bearing and have an average term of one year.

24. DEFERRED TAX

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

Deferred tax assets	Allowance for impairment of trade and other receivables and contract assets RMB'000	Lease liabilities RMB'000	Total RMB'000
As at 1 January 2024	**11,988**	**20,879**	**32,867**
Credited to profit or loss	**3,413**	**3,815**	**7,228**
As at 31 December 2024	**15,401**	**24,694**	**40,095**
As at 1 January 2023	9,987	17,451	27,438
Credited to profit or loss	2,001	3,428	5,429
As at 31 December 2023	11,988	20,879	32,867

Deferred tax liabilities	Revaluation of equity investments at FVOCI RMB'000	Impact of withholding tax RMB'000	Customer relationships RMB'000	Right-of-use assets RMB'000	Total RMB'000
As at 1 January 2024	**343**	**61,816**	**15,837**	**19,989**	**97,985**
Charged/(credited) to profit or loss	**—**	**23,849**	**(1,995)**	**3,456**	**25,310**
Credited to other comprehensive income	**(81)**	**—**	**—**	**—**	**(81)**
As at 31 December 2024	**262**	**85,665**	**13,842**	**23,445**	**123,214**
As at 1 January 2023	119	37,621	18,190	19,397	75,327
Charged/(credited) to profit or loss	—	24,195	(2,353)	592	22,434
Charged to other comprehensive income	224	—	—	—	224
As at 31 December 2023	343	61,816	15,837	19,989	97,985

NOTES TO FINANCIAL STATEMENTS

24. DEFERRED TAX (CONTINUED)

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

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**16,388**	12,677
Net deferred tax liabilities recognised in the consolidated statement of financial position	**99,507**	77,795

As at 31 December 2024, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB76,973,000 (2023: RMB77,824,000) as it is not probable that future taxable profits will be available against which the losses can be utilised. As at 31 December 2024, the unused tax losses amounting to RMB29,111,000 (2023: RMB21,545,000) can be carried forward against future taxable income under the PRC enterprise income tax law and these tax losses will expire in one to five years. The remaining tax losses have no expiry dates.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 5% for the Group.

No deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of RMB215,720,000 as at 31 December 2024 (2023: Nil) that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, no such earnings will be distributed by these subsidiaries in the foreseeable future.

25. SHARE CAPITAL

	2024 RMB'000	2023 RMB'000
Issued and fully paid:		
1,510,471,677 (2023: 1,522,030,177) ordinary shares	**2,543,048**	2,543,048

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

	Number of shares in issue	Share capital RMB'000
At 1 January 2024	**1,522,030,177**	**2,543,048**
Shares repurchased (note a)	**(11,558,500)**	**—**
At 31 December 2024	**1,510,471,677**	**2,543,048**

(a) The Company repurchased 11,558,500 of its shares on the Hong Kong Stock Exchange at a total consideration of approximately RMB34,304,000, which was paid wholly out of retained profits in accordance with section 257 of the Hong Kong Companies Ordinance. The total consideration for the purchase of the shares of RMB34,304,000 has been charged to retained profits of the Company and amounts of RMB33,634,000 and RMB670,000 were paid in 2024 and 2025, respectively. The shares are deemed as cancelled upon repurchase.

26. SHARE OPTION SCHEME AND RESERVES

(a) Statutory reserves

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

(b) Share option scheme

The share-based payment reserves are used to recognise the grant date fair value of options issued to two executive directors and 37 members of the senior management and core employees (the "Eligible Participants") of the Group but not exercised.

On 30 December 2022, the Board of the Company announced to approve the share option scheme with an exercise price of HKD3.334 (equivalent to RMB2.978) per option, pursuant to which a total of 15,220,300 options (the "Total Options") were resolved to be conditionally granted by the Company to the Eligible Participants if those options are fully exercised.

NOTES TO FINANCIAL STATEMENTS

26. SHARE OPTION SCHEME AND RESERVES (CONTINUED)

(b) Share option scheme (continued)

The share option scheme is divided into three tranches. The first tranche will become exercisable after 24 months from the grant date with 33% of Total Options granted. The second tranche will become exercisable after 36 months from the grant date with 33% of Total Options granted. The third tranche will become exercisable after 48 months from the grant date with 34% of Total Options granted. The vesting of share options is subject to non-market performance and service conditions.

The share option scheme is conditional upon (A) fulfilment of certain adoption conditions; (B) the Company obtaining shareholders' approval for the adoption of the share option scheme; and (C) the Company obtaining the approval of Guangzhou State-owned Assets Supervision and Administration Commission. As at 27 April 2023, all of the conditions have been fulfilled. Thus, the options were granted to the relevant selected participants during the year ended 31 December 2023.

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

	2024		2023	
	Weighted average exercise price HKD per share	Number of options '000	Weighted average exercise price HKD per share	Number of options '000
At 1 January	3.33	15,220	—	—
Granted during the year	—	—	3.33	15,220
Forfeited during the year	3.33	(5,556)	—	—
At 31 December	3.33	9,664	3.33	15,220

26. SHARE OPTION SCHEME AND RESERVES (CONTINUED)

(b) Share option scheme (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2024			2023		
Number of options '000	Exercise price HKD	Exercise period	Number of options '000	Exercise price HKD	Exercise period
4,760	3.33	1-1-2025 to 30-12-2030	5,023	3.33	1-1-2025 to 30-12-2030
–	3.33	1-1-2026 to 30-12-2030	5,023	3.33	1-1-2026 to 30-12-2030
4,904	3.33	1-1-2027 to 30-12-2030	5,174	3.33	1-1-2027 to 30-12-2030
9,664			15,220		

There is no share option expense (2023: RMB6,927,000) recognised during the year ended 31 December 2024 in relation to the share option scheme. The above share-based payment reserves are recognised and measured in accordance with HKFRS 2 *Share-based Payment*.

At the end of the reporting period, the Company had 9,664,000 share options outstanding under the scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 9,664,000 additional ordinary shares of the Company and additional share capital of RMB28,779,000 (before issue expenses).

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB96,859,000 (2023: RMB86,790,000) and RMB96,859,000 (2023: RMB86,790,000), respectively, in respect of lease arrangements for office buildings.

NOTES TO FINANCIAL STATEMENTS

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities is as follows:

	Lease liabilities RMB'000	Dividend payable RMB'000	Total RMB'000
As at 1 January 2024	**108,128**	**11,273**	**119,401**
Changes from financing cash flows	**(80,612)**	**(261,522)**	**(342,134)**
Addition - leases	**96,859**	**—**	**96,859**
Termination of lease	**(10,233)**	**—**	**(10,233)**
Finance expense recognised	**5,307**	**—**	**5,307**
Dividend provided	**—**	**284,942**	**284,942**
As at 31 December 2024	**119,449**	**34,693**	**154,142**
As at 1 January 2023	78,836	—	78,836
Changes from financing cash flows	(60,875)	(273,598)	(334,473)
Addition - leases	86,790	—	86,790
Termination of lease	(1,510)	—	(1,510)
Finance expense recognised	4,887	—	4,887
Dividend provided	—	284,871	284,871
As at 31 December 2023	108,128	11,273	119,401

28. COMMITMENTS

Operating lease commitments – as lessee

The Group leases offices and staff dormitories under non-cancellable operating lease agreements.

The Group has recognised right-of-use assets for these leases, except for short-term leases.

The portfolio of short-term leases as at 31 December 2024 and 2023 is similar to the portfolio of short-term leases recognised as expenses disclosed in note 6 for the years ended 31 December 2024 and 2023, the Group elected not to disclose the commitments for short-term leases.

Save as disclosed above, there were no material capital commitments as at 31 December 2024 and 2023.

29. RELATED PARTY TRANSACTIONS

(a) Name and relationship

The Company's ultimate holding company is Guangzhou Yue Xiu Holdings Limited, which is a limited liability company incorporated in the PRC and whose place of operation is in Mainland China. The table set below summarises the names of significant related parties, with whom the Group had significant transactions during the year ended 31 December 2024, and their relationship with the Company as at 31 December 2024:

Significant related parties	Relationship with the Group
Yuexiu Property	Intermediate holding company
Guangzhou Construction & Development Holdings (China) Limited ("GCD China")	Immediate holding company
Guangzhou Metro Group Co., Ltd. ("GZ Metro")	Non-controlling shareholder of Yuexiu Property
The subsidiaries of Yuexiu Property, GCD China and GZ Metro	Fellow subsidiaries

(b) Transactions with related parties

The following is a summary of the significant transactions carried out between the Group and its related parties during the years ended 31 December 2024 and 2023.

	2024 RMB'000	2023 RMB'000
Provision of services (note (ii))		
– Ultimate holding company	**1,132**	880
– Intermediate holding company	**298**	61
– Fellow subsidiaries	**976,151**	931,769
– Non-controlling interests of Yuexiu Property and its subsidiaries	**225,410**	187,515
– Associates and joint ventures of Yuexiu Property	**259,956**	178,358
Total	**1,462,947**	1,298,583
Purchase of goods and services		
– Fellow subsidiaries	**9,967**	9,355

NOTES TO FINANCIAL STATEMENTS

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (continued)

	2024 RMB'000	2023 RMB'000
Additions of right-of-use assets		
– Fellow subsidiaries	—	886
– Non-controlling interests of Yuexiu Property and its subsidiaries	—	3,700
– Associates and joint ventures of Yuexiu Property	**51,117**	2,299
Total	**51,117**	6,885
Rental expenses (short-term leases)		
– Fellow subsidiaries	**6,852**	6,683
– Non-controlling interests of Yuexiu Property and its subsidiaries	—	898
– Associates and joint ventures of Yuexiu Property	**18,362**	23,723
Total	**25,214**	31,304
Maximum balance of bank deposits		
– A fellow subsidiary	**1,022,567**	985,366

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

(ii) The provision of services to related parties comprises the provision of non-commercial property management and value-added services and commercial property management and operational services.

The related party transactions with respect to the provision of services, purchase of goods and services, rental expenses (short-term leases) and maximum balance of bank deposits above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(c) Key management compensation

Compensation for key management other than those for directors as disclosed in note 8 is set out below.

	2024 RMB'000	2023 RMB'000
Salaries and other short-term employee benefits	**2,584**	2,596

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Balances with related parties

	2024 RMB'000	2023 RMB'000
Trade receivables (note (i))		
– Ultimate holding company	746	106
– Intermediate holding company	255	32
– Fellow subsidiaries	239,773	215,593
– Non-controlling interests of Yuexiu Property and its subsidiaries	85,868	56,231
– Associates and joint ventures of Yuexiu Property	101,580	70,035
Total	428,222	341,997
Contract assets (note (i))		
– Fellow subsidiaries	56,401	44,791
– Associates and joint ventures of Yuexiu Property	25,235	11,858
Total	81,636	56,649
Other receivables (note (ii))		
– Ultimate holding company	1,360	1,401
– Intermediate holding company	—	287
– Fellow subsidiaries	46,741	31,813
– Non-controlling interests of Yuexiu Property and its subsidiaries	22,521	17,125
– Associates and joint ventures of Yuexiu Property	36,758	51,675
Total	107,380	102,301
Prepayments (note (i))		
– Fellow subsidiaries	2,080	4,300
– Associates and joint ventures of Yuexiu Property	—	161
Total	2,080	4,461
Trade payables (note (i))		
– Fellow subsidiaries	14,202	10,026
– Non-controlling interests of Yuexiu Property and its subsidiaries	818	2,182
– Associates and joint ventures of Yuexiu Property	3,394	3,579
Total	18,414	15,787
Other payables (note (iii))		
– Ultimate holding company	2,596	1,576
– Intermediate holding company	278	—
– Fellow subsidiaries	106,667	93,572
– Non-controlling interests of Yuexiu Property and its subsidiaries	35,798	11,628
– Associates and joint ventures of Yuexiu Property	35,464	50,618
Total	180,803	157,394

NOTES TO FINANCIAL STATEMENTS

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Balances with related parties (continued)

	2024 RMB'000	2023 RMB'000
Contract liabilities (note (i))		
– Fellow subsidiaries	**84,474**	74,760
– Non-controlling interests of Yuexiu Property and its subsidiaries	**5,672**	697
– Associates and joint ventures of Yuexiu Property	**25,209**	10,599
– Ultimate holding company	**—**	23
– Intermediate holding company	**5**	5
Total	**115,360**	86,084
Bank deposits (note (i))		
– A fellow subsidiary	**718,412**	43,631
Lease liabilities		
– Fellow subsidiaries	**5,728**	13,425
– Non-controlling interests of Yuexiu Property and its subsidiaries	**—**	4,332
– Associates and joint ventures of Yuexiu Property	**39,199**	2,388
Total	**44,927**	20,145

(i) The balances of contract assets, trade receivables, prepayments, trade payables and contract liabilities were unsecured and interest free. The balances of bank deposits were unsecured with interest rates in accordance with normal commercial terms.

(ii) The balances due from related parties as at 31 December 2024 and 2023 were mainly costs to be recovered from property owners incurred in relation to property management services provided under a commission basis and guarantee deposits which were unsecured and interest free.

(iii) The balances due to related parties as at 31 December 2024 and 2023 were mainly costs prepaid by property owners incurred in relation to property management services provided under a commission basis and guarantee deposits which were unsecured and interest free.

(iv) For the years ended 31 December 2024 and 2023, banking facilities of HKD60,000,000 for issuance of letter of guarantee in respect of operation and management of car parks or properties by the Group are guaranteed by Yuexiu Property. HKD57,751,000 of the total banking facilities has been utilised by the Group for issuance of letter of guarantee to the Hong Kong Housing Authority for the purpose of leasing car park from certain car parks owners.

30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2024 RMB'000	2023 RMB'000
Financial asset at amortised cost		
Trade receivables	773,364	573,524
Prepayments, other receivables, other assets and other non-current assets (excluding prepayments and other prepaid taxes) (note 19)	539,318	393,157
Cash and cash equivalents (note 20)	2,004,599	4,695,204
Restricted bank deposits (note 20)	82,847	40,659
Time deposits (note 21)	2,697,260	9,062
Subtotal	6,097,388	5,711,606
Equity investments at FVOCI (note 17)	32,798	33,624
Total	6,130,186	5,745,230
Financial liabilities at amortised cost		
Trade and bills payables	651,499	399,277
Other payables and accruals (excluding accrued payroll liabilities and other taxes payable) (note 23)	1,172,681	1,148,552
Total	1,824,180	1,547,829

NOTES TO FINANCIAL STATEMENTS

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2024 **RMB'000**	2023 RMB'000	**2024** **RMB'000**	2023 RMB'000
Financial assets				
Equity investments at FVOCI	**32,798**	33,624	**32,798**	33,624

Management has assessed that the fair values of restricted bank deposits, time deposits, cash and cash equivalents, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of equity investments at FVOCI is calculated using the Summation Method. The Summation Method is a method that calculates the value of an asset by the addition of the separate values of its component parts.

The fair values of the non-current portion of time deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The Group measures its equity investments at FVOCI at fair value. Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follows:

Description	Fair value at 31 December 2024 RMB'000	Valuation technique	Unobservable inputs
– Unlisted equity security*	30,147	Summation Method	Value of each asset/liability
– Unlisted equity security**	1,989	Summation Method	Value of each asset/liability
– Unlisted equity security***	662	Summation Method	Value of each asset/liability

Description	Fair value at 31 December 2023 RMB'000	Valuation technique	Unobservable inputs
– Unlisted equity security*	31,620	Summation Method	Value of each asset/liability
– Unlisted equity security**	1,804	Summation Method	Value of each asset/liability
– Unlisted equity security***	200	Summation Method	Value of each asset/liability

The relationship of unobservable inputs to fair value of this equity investment is the higher value of each asset or the lower value of each liability, the higher the fair value.

* If the expected value of each asset of this equity investment had been 100 basis points higher/lower or expected value of each liability of this equity investment had been 100 basis points lower/higher, the Group's equity would have been approximately RMB301,000 and RMB316,000 higher/lower as at 31 December 2024 and 2023, respectively.

** If the expected value of each asset of this equity investment had been 100 basis points higher/lower or expected value of each liability of this equity investment had been 100 basis points lower/higher, the Group's equity would have been approximately RMB15,000 and RMB14,000 higher/lower as at 31 December 2024 and 2023, respectively.

*** If the expected value of each asset of this equity investment had been 100 basis points higher/lower or expected value of each liability of this equity investment had been 100 basis points lower/higher, the Group's equity would have been approximately RMB5,000 and RMB2,000 higher/lower as at 31 December 2024 and 2023, respectively.

NOTES TO FINANCIAL STATEMENTS

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

FAIR VALUE HIERARCHY

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Equity investments at FVOCI	—	—	32,798	32,798

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Equity investments at FVOCI	—	—	33,624	33,624

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: Nil).

The movements in fair value measurements within Level 3 during the year are as follows:

Equity investments at FVOCI

	2024 RMB'000	2023 RMB'000
At 1 January	33,624	32,156
Addition	—	200
(Losses)/gains recognised in other comprehensive income	(826)	1,268
At 31 December	32,798	33,624

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price 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.

Market risk

(i) Price risk

The Group is exposed to equity securities price risk in its equity investments at FVOCI. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The equity investments at FVOCI are unlisted equity instruments held in Mainland China. As at 31 December 2024, assuming the fair value of these equity investments increased or decreased by 10%, the Group's equity would have increased or decreased by approximately RMB3,214,000 (31 December 2023: RMB3,312,000).

Credit risk

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

To manage this risk, cash and cash equivalents, time deposits and restricted bank deposits are placed with highly reputable financial institutions. The management does not expect that there will be any significant losses from non-performance by these counterparties.

For trade receivables, other receivables and contract assets, 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 and contract assets at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

NOTES TO FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

(i) Trade receivables and contract assets

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Thus, the Group measures the expected credit losses of trade receivables by dividing into two groups, trade receivables due from third parties and trade receivables due from related parties. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Future cash flows for each group of receivables and contract assets are estimated on the basis of historical default rates, adjusted to reflect the effects of existing market conditions as well as forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and contract assets.

Trade receivables and contract assets with known insolvencies are assessed individually for impairment allowances and are written off when there is no reasonable expectation of recovery. Indicators of insolvencies include, amongst others, the failure of a debtor engaging in a repayment plan with the Group, and a failure to make contractual payments.

Trade receivables and contract assets without known insolvencies are assessed on a collective basis based on shared credit risk characteristics.

The Group has assessed that the expected loss rate for trade receivables and contract assets from related parties as at 31 December 2024 was immaterial considering the financial position and credit history of the related parties. Thus, no loss allowance provision for trade receivables and contract assets from related parties was recognised.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

(i) Trade receivables and contract assets (Continued)

The expected credit losses below also incorporated forward-looking information. As at 31 December 2024 and 2023, the loss allowance provision for the trade receivables and contract assets due from third parties is determined as follows:

Trade receivables	Up to 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
At 31 December 2024					
Expected loss rate	**5%**	**30%**	**50%**	**100%**	
Gross carrying amount	**332,733**	**37,816**	**5,149**	**14,534**	**390,232**
Loss allowance provision	**16,636**	**11,345**	**2,575**	**14,534**	**45,090**
At 31 December 2023					
Expected loss rate	5%	30%	50%	100%	
Gross carrying amount	224,979	22,594	3,962	15,754	267,289
Loss allowance provision	11,249	6,778	1,981	15,754	35,762

Contract assets	Up to 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Total RMB'000
At 31 December 2024				
Expected loss rate	**5%**	**30%**	**50%**	
Gross carrying amount	**32,160**	**3,254**	**2**	**35,416**
Loss allowance provision	**1,608**	**976**	**1**	**2,585**
At 31 December 2023				
Expected loss rate	5%	30%	50%	
Gross carrying amount	18,795	1,670	—	20,465
Loss allowance provision	940	500	—	1,440

NOTES TO FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

(ii) Other receivables

The Group has assessed that the expected loss rate for other receivables from related parties as at 31 December 2024 was immaterial considering the for reference and credit history of the related parties. Thus, no loss allowance provision for other receivables from related parties was recognised.

Other than other receivables from related parties, the Group uses the expected credit loss model in note (i) to determine the loss allowance provision for other receivables. As at 31 December 2024, the Group has assessed that there is no significant increase of credit risk for other receivables since initial recognition. Thus, the Group used the 12-month expected credit loss model to assess credit losses for other receivables, except for certain property management costs recoverable from property owners and tenants.

Other receivables due from third parties mainly comprise property management costs recoverable from property owners and tenants, payments on behalf of property owners and tenants for utility charges and guarantee deposits in connection with the provision of property management services.

For guarantee deposits, the directors of the Company considered that there was no significant impairment risk as the deposits mainly represented performance guarantees for the property management projects and will be refunded according to the relevant contract terms.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

(ii) *Other receivables* (Continued)

For certain property management costs recoverable from property owners and tenants in Mainland China, the loss allowance provision is determined as follows:

	Up to 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
At 31 December 2024					
Expected loss rate	**5%**	**30%**	**50%**	**100%**	
Gross carrying amount	**27,688**	**9,701**	**5,353**	**7,935**	**50,677**
Loss allowance provision	**1,384**	**2,910**	**2,677**	**7,935**	**14,906**
At 31 December 2023					
Expected loss rate	5%	30%	50%	100%	
Gross carrying amount	23,677	6,046	3,264	5,445	38,432
Loss allowance provision	1,185	1,814	1,632	5,445	10,076

For the rest of other receivables, which mainly include payments on behalf of property owners and tenants for utility charges, the loss allowance provision is determined as follows:

	RMB'000
At 31 December 2024	
Expected loss rate	**1%**
Gross carrying amount	**216,396**
Loss allowance provision	**2,164**
At 31 December 2023	
Expected loss rate	1%
Gross carrying amount	189,464
Loss allowance provision	1,895

As there were no significant changes in the customer base, historical credit loss rates of customers and forward-looking information throughout the year, the Group adopted the same expected credit loss rate for trade and other receivables during the year ended 31 December 2024.

NOTES TO FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (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 (excluding trade receivables from related parties) RMB'000	Other receivables (excluding other receivables from related parties and guarantee deposits) RMB'000	Contract assets (excluding contract assets from related parties) RMB'000	Total RMB'000
At 1 January 2024	**35,762**	**11,971**	**1,440**	**49,173**
Net impairment losses on financial assets (note 6)	**9,328**	**5,099**	**1,145**	**15,572**
At 31 December 2024	**45,090**	**17,070**	**2,585**	**64,745**
At 1 January 2023	31,313	9,927	295	41,535
Net impairment losses on financial assets (note 6)	4,449	2,044	1,145	7,638
At 31 December 2023	35,762	11,971	1,440	49,173

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

(iii) Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

As at 31 December 2024

	12-month expected credit losses	Lifetime expected credit losses			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables	—	—	—	818,454	818,454
Contract assets	—	—	—	117,052	117,052
Financial assets included in prepayments, other receivables and other assets					
– Normal	556,388	—	—	—	556,388
Restricted bank deposits					
– Not yet past due	82,847	—	—	—	82,847
Time deposits					
– Not yet past due	2,697,260	—	—	—	2,697,260
Cash and cash equivalents					
– Not yet past due	2,004,599	—	—	—	2,004,599
Total	5,341,094	—	—	935,506	6,276,600

NOTES TO FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

(iii) Maximum exposure and year-end staging (Continued)

As at 31 December 2023

	12-month expected credit losses	Lifetime expected credit losses			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables	—	—	—	609,286	609,286
Contract assets	—	—	—	77,114	77,114
Financial assets included in prepayments, other receivables and other assets					
– Normal	405,128	—	—	—	405,128
Restricted bank deposits					
– Not yet past due	40,659	—	—	—	40,659
Time deposits					
– Not yet past due	9,062	—	—	—	9,062
Cash and cash equivalents					
– Not yet past due	4,695,204	—	—	—	4,695,204
Total	5,150,053	—	—	686,400	5,836,453

Liquidity risk

The Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements. Management monitors rolling forecasts of the Group's liquidity reserve which comprises undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The table below analyses the Group's financial liabilities into relevant maturity groupings at each balance sheet date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

	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
As at 31 December 2024					
Trade and bills payables	**651,499**	**—**	**—**	**—**	**651,499**
Other payables and accruals (excluding accrued payroll liabilities and other tax payable)	**1,172,681**	**—**	**—**	**—**	**1,172,681**
Lease liabilities	**69,035**	**43,641**	**12,932**	**160**	**125,768**
Total	**1,893,215**	**43,641**	**12,932**	**160**	**1,949,948**

	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
As at 31 December 2023					
Trade and bills payables	399,277	—	—	—	399,277
Other payables and accruals (excluding accrued payroll liabilities and other tax payable)	1,148,552	—	—	—	1,148,552
Lease liabilities	60,810	37,166	16,648	187	114,811
Total	1,608,639	37,166	16,648	187	1,662,640

NOTES TO FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The Group's objectives for managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and 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, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

The gearing ratio is calculated based on total bank borrowings divided by total equity, multiplied by 100%. Since the Group had no bank borrowings as of 31 December 2023 and 31 December 2024, the gearing ratios as of both aforesaid dates were nil.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**601,016**	601,016
CURRENT ASSETS		
Other receivable and prepayments	**121,206**	713,804
Dividend receivables	**1,122,806**	618,313
Time deposits	**358,000**	—
Cash and cash equivalents	**829,119**	1,129,933
Total current assets	**2,431,131**	2,462,050
CURRENT LIABILITIES		
Other payables	**22,124**	287,461
NET CURRENT ASSETS	**2,409,007**	2,174,589
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,010,023**	2,775,605
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**977**	—
Net assets	**3,009,046**	2,775,605
Equity		
Share capital	**2,543,048**	2,543,048
Other reserves (note)	**6,927**	6,927
Retained earnings (note)	**459,071**	225,630
Total equity	**3,009,046**	2,775,605

Director *Director*

NOTES TO FINANCIAL STATEMENTS

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note

	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2024	**6,927**	**225,630**	**232,557**
Profit for the year	**—**	**529,267**	**529,267**
Shares repurchased	**—**	**(34,304)**	**(34,304)**
Dividend paid	**—**	**(261,522)**	**(261,522)**
At 31 December 2024	**6,927**	**459,071**	**465,998**
At 1 January 2023	—	202,710	202,710
Profit for the year	—	294,958	294,958
Employee share schemes			
- value of employee services	6,927	—	6,927
Dividend paid	—	(272,038)	(272,038)
At 31 December 2023	6,927	225,630	232,557

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 20 March 2025.

越秀服務集團有限公司
YUEXIU SERVICES GROUP LIMITED