SUNDY 宋服務

臻 享 幸 福 +

Sundy Service Group Co. Ltd
宋都服务集团有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 9608

2024
ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. YU Yun *(Chairman of the Board)*
Mr. ZHU Yihua *(Chief Executive Officer)*
Mr. ZHU Congyue
Mr. ZHANG Zhenjiang

Independent Non-executive Directors

Mr. ZHANG Jingzhong *(Resigned on 4 January 2024)*
Mr. LAU Kwok Fai Patrick *(Resigned on 4 January 2024)*
Ms. YE Qian
Mr. HUANG Enze *(Appointed on 4 January 2024)*
Mr. ZHU Haoxian *(Appointed on 4 January 2024)*

AUDIT COMMITTEE

Mr. ZHANG Jingzhong *(Resigned on 4 January 2024)*
Mr. LAU Kwok Fai Patrick *(Resigned on 4 January 2024)*
Ms. YE Qian *(Chairman)*
Mr. HUANG Enze *(Appointed on 4 January 2024)*
Mr. ZHU Haoxian *(Appointed on 4 January 2024)*

REMUNERATION COMMITTEE

Mr. ZHANG Jingzhong *(Resigned on 4 January 2024)*
Mr. LAU Kwok Fai Patrick *(Resigned on 4 January 2024)*
Mr. ZHU Haoxian *(Chairman)*
(Appointed as Chairman on 4 January 2024)
Mr. HUANG Enze *(Appointed on 4 January 2024)*
Ms. YE Qian

AUTHORISED REPRESENTATIVES

Mr. ZHU Congyue
Mr. TSANG Ho Yin

HONG KONG LEGAL ADVISOR

Stevenson, Wong & Co.
in association with AllBright Law (Hong Kong) Offices LLP
39/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

AUDITOR

Crowe (HK) CPA Limited
Registered Public Interest Entity Auditors
9/F Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

PRINCIPAL BANKERS

Bank of Hangzhou
Jiangcheng Sub-branch

China Merchants Bank
Zhijiang Sub-branch

COMPANY'S WEBSITE

http://songduwuye.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

NOMINATION COMMITTEE

Ms. YU Yun *(Chairman)*
Mr. ZHANG Jingzhong *(Resigned on 4 January 2024)*
Mr. LAU Kwok Fai Patrick
(Resigned on 4 January 2024)
Ms. YE Qian
Mr. HUANG Enze *(Appointed on 4 January 2024)*
Mr. ZHU Haoxian *(Appointed on 4 January 2024)*

JOINT COMPANY SECRETARIES

Ms. ZHANG Qisi *(Resigned on 19 March 2025)*
Ms. XU Xiaoli *(Appointed on 19 March 2025)*
Mr. TSANG Ho Yin

STOCK CODE

9608

REGISTERED OFFICE IN CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
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HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

127, Hanghai Road
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Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

39/F, Gloucester Tower
The Landmark
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Hong Kong

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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INVESTOR RELATIONSHIP CONTACT

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FINANCIAL SUMMARY

The following is a summary of the results and assets and liabilities of Sundy Service Group Co. Ltd (the "**Company**") and its subsidiaries (collectively, the "**Group**") for each of the years ended 31 December 2020, 2021, 2022, 2023 and 2024.

RESULTS

		For the year ended 31 December				
	Notes	2020	2021	2022	2023	**2024**
Revenue *(RMB'000)*		256,703	316,237	268,581	262,362	**247,549**
Annual growth %		15.4%	23.2%	-15.1%	-2.3%	**-5.6%**
Gross profit *(RMB'000)*		77,858	114,541	58,059	44,917	**57,432**
Annual growth %		20.0%	47.1%	-49.3%	-22.6%	**27.9%**
Gross profit margin	(1)	30.3%	36.2%	21.6%	17.1%	**23.2%**
Annual growth percentage points ("**p.p**")		1.1%	5.9%	-14.6%	-4.5%	**6.1%**
Profit for the year *(RMB'000)*		32,852	54,908	33,800	11,963	**7,792**
Annual growth %		-6.8%	67.1%	-38.4%	-64.6%	**-34.9%**
Profit margin	(2)	12.8%	17.4%	12.6%	4.6%	**3.1%**
Annual growth p.p		-3.0%	4.6%	-4.8%	-8.0%	**-1.5%**
Profit attributable to owners of the Company *(RMB'000)*		32,658	54,626	32,900	9,358	**2,941**
Annual growth %		-7.1%	67.3%	-39.8%	-71.6%	**-68.6%**

Notes:

(1) Gross profit margin is calculated as gross profit divided by revenue.

(2) Profit margin is calculated as profit for the year divided by revenue.

FINANCIAL SUMMARY

ASSETS AND LIABILITIES

	Notes	As at 31 December				
		2020	2021	2022	2023	**2024**
Cash and cash equivalent *(RMB'000)*		192,195	318,169	109,289	146,695	**175,033**
Current assets *(RMB'000)*		252,520	461,034	462,352	465,430	**511,862**
Total assets *(RMB'000)*		281,161	488,065	529,976	562,360	**549,592**
Current liabilities *(RMB'000)*		163,880	177,895	180,670	168,837	**156,424**
Total liabilities *(RMB'000)*		163,888	178,062	181,977	169,811	**156,424**
Total equities attributable to owners of the Company *(RMB'000)*		115,995	308,443	342,371	384,316	**384,044**
Current ratio	(3)	1.54	2.59	2.56	2.76	**3.27**
Gearing ratio	(4)	N/A	N/A	N/A	N/A	**N/A**

Notes:

(3) Current ratio is calculated as current assets divided by current liabilities.

(4) Gearing ratio is calculated as net debt divided by total equity. Gearing ratio was not applicable as the Company recorded a net cash position as at 31 December 2020, 2021, 2022, 2023 and 2024.

PROPERTIES HELD FOR DEVELOPMENT AND/OR SALE

Properties Held for Sale

Property name	Location	Approximate gross floor area	Use	Attributable interest of the Group
Xinchenyuefu* (新宸悦府)	No.651 Xinwan Road, Qiantang New District, Hangzhou, the PRC	259.8 sq.m.	Parking spots	100%
Lanshanjunting* (瀾山郡庭)	No.188 Nanshan Road, Fenghua District, Ningbo, the PRC	3,288.2 sq.m.	Parking spots	100%
Dongmenxintiandi (東門新天地)	Basement, Kaiyuan Road, Tonglu, Hangzhou, the PRC	1,849 sq.m.	Basement	100%
Dongmenxintiandi (東門新天地)	No. 1-17, Kaiyuan Road, Tonglu, Hangzhou, the PRC	5,631.2 sq.m.	Shops	100%
Dongmenxintiandi (東門新天地)	Basement, Kaiyuan Road, Tonglu, Hangzhou, the PRC	5,232.1 sq.m.	Parking spots	100%
Yangguangjingtai (陽光景台)	Jiubao Street, Shang Cheng District, Hangzhou, the PRC	1,588.2 sq.m.	Shops	100%

CHAIRMAN'S STATEMENT

To all Shareholders,

Thanks for your trust and support to Sundy Service Group Co. Ltd (the "**Company**", together with its subsidiaries, the "**Group**") . I am pleased to present the Group's audited annual results for the year ended 31 December 2024 (the "**Reporting Period**" or "**FY2024**") on behalf of the board (the "**Board**") of directors of the Company (the "**Directors**").

In 2024, China's property industry underwent a deep transformation, shifting from scale expansion to high-quality development. The industry's growth rate will continue to slow down, and the policy of guiding property fees will trigger a wave of price reductions in many regions. In this challenging environment, the Company has demonstrated resilience in adversity through strategic determination and innovative breakthroughs. By optimizing project structure, strengthening cost control, and innovating services, it has achieved improved operational efficiency. The Company actively withdrew from low-efficiency projects, focused on core business, and enhanced service standardization and responsiveness through technological empowerment. It deepened the concept of "community co construction" and optimized the service ecology under the guidance of Party building, helping to improve urban governance and owner satisfaction. The Company is also actively exploring flexible pricing models, responding to the demand of homeowners for "matching quality and price", and contributing practical samples for industry transformation. Looking ahead to the future, the Company will continue to focus on refined operations, technology driven development, and service innovation, consolidating its competitive advantage in the wave of high-quality industry development and creating long-term value for shareholders.

As at 31 December 2024, the Group had a total of 52 projects under management, with a total gross floor area (the "**GFA**") under management of 8.4 million sq.m. and a contracted GFA of 13.0 million sq.m. For the year ended 31 December 2024, the Group recorded revenue of RMB247.6 million. With the impact of expected credit loss (ECL), the profit for FY2024 was RMB7.8 million. The basic earnings per share of the Company (the "**Share**") was approximately RMB0.08 cents.

Continue moving forward, maintain a steady and organised approach

Since its establishment, the Group has adhered to the deep cultivation of the Yangtze River Delta region, and its business has covered places including Hangzhou, Hefei, Zhoushan, Ningbo, Suzhou, Nanjing and Nanning. Currently, under the strategic framework of "One body, Two wings and Two products" (一體兩翼兩產品), the Group focuses on two major sectors of community service and urban service. In the community service sector, the Company prioritizes owner needs by not only maintaining high standards in basic property services but also actively expanding the development of diversified business content, and form a set of community service products with the characteristics of the Group. In the urban service sector, the Group has taken the lead in participating in the grass-roots management services of the old residential areas since 2019, based on the "Gold Butler" large property service project in Caihe Street, constantly implementing governance measures and accumulating service experience, and establishing its own enterprise service characteristics.

Make unremitting efforts to deliver quality services

Throughout its history of development, the Group has consistently upheld quality as its primary objective, continuously improved the quality of service, broadened service scope, in order to provide owners with more diverse and suitable services. Moreover, since September 2023, the Group has successively carried out Service Day activities for the project manager on a monthly basis in each project management community, aiming to let the project leaders directly listen to the wishes of the owners through face-to-face communication, and optimise the service quality and improve the service level in a targeted manner. In daily management, the Group continues to gather management experience and feedback from owners, constantly optimise the allocation of management resources, and strive to meet the needs of more customers and create good reputation and brand value.

Leveraging digital resources to provide quality services

Through the Group's business practice, the Group has established value-added service systems such as home life, housing rental and sales and community retail, focusing on the different needs of owners in their daily lives. At the same time, the Group combines the concepts of "Internet +" and "property +", integrating online and offline resources, continuously enriching the product categories of community value-added services, and builds the Group's own community business cooperation ecosystem, so that owners can conveniently enjoy the "one-click home" service experience without leaving home.

We remain committed to our founding principles of providing quality services and attaining customer satisfaction through standardised management, technology empowerment, creating a product system that aligns with the needs of customers, unswervingly improve service quality and strengthen our brand.

Lastly, on behalf of the Board, I would like to express my sincere gratitude to the shareholders, partners, owners, customers and suppliers who have always given support and trust to the Group. Meanwhile, I would like to express my heartfelt thanks to the management and all staff for their dedicated efforts.

Yu Yun
Chairman of the Board

Hong Kong, 31 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a reputable integrated property management service provider in the property management industry in Zhejiang province. Established in Hangzhou in 1995, the Group has nearly three decades of experience in the property management service industry in the PRC. The Group is principally engaged in the provision of property management services, value-added services to non-property owners, community value-added services and other services. The Group's business covers a wide range of properties, including residential properties and non-residential properties, such as commercial office buildings, city complexes and industrial parks.

According to CRIC Property Management (克而瑞物管) and China Property Management Research Institution, the Group ranked 47th among the "2024 Top 100 Property Service Companies in China" (2024中國物業服務力百強企業). The project under the management of the Group, "Caihe Golden Butler Governance Service Project" (採荷金牌管家治理服務項目) was recognised as a benchmark project in terms of urban services in the year 2024 by CRIC Property Management (克而瑞物管) and China Property Management Research Institution. During the Reporting Period, the Group was awarded as 3A Property Service Enterprises in Zhejiang Province by Zhejiang Provincial Department of Housing and Urban-Rural Development (浙江省住房和城鄉建設廳).

As at 31 December 2024, the Group had 21 subsidiaries and 26 branches covering 20 cities in the PRC, the majority of which are located in Zhejiang province, providing property management services to 52 properties, including 39 residential properties and 13 non-residential properties, with a total GFA under management of approximately 8.4 million sq.m. and a total contracted GFA of 9.7 million sq.m..

The table below sets forth the changes in the GFA under management and number of managed projects of the Group as at 31 December 2024 and 2023, respectively:

	As at 31 December	
	2024	2023
GFA under management ('000 sq.m.)	**8,367**	9,603
Number of managed projects	**52**	58

The table below sets forth a breakdown of revenue by business line of the Group in FY2024 and FY2023, respectively:

	For the year ended 31 December			
	2024		2023	
	(RMB'000)	**%**	(RMB'000)	%
Property management services	**196,186**	**79.3**	186,979	71.3
Value-added services to non-property owners	**12,686**	**5.1**	36,342	13.8
Community value-added services	**18,787**	**7.6**	18,555	7.1
Other businesses	**19,890**	**8.0**	20,486	7.8
Total	**247,549**	**100.0**	262,362	100.0

Property management services

During the Reporting Period, the Group was committed to strengthening its position in the field of property management service and focused on the Future Community Plan to acquire more projects related to old residential areas in Hangzhou.

The table below sets forth the total revenue from property management for FY2024 and FY2023, respectively and GFA under management by type of properties as at 31 December 2024 and 2023, respectively:

	As at/for the year ended 31 December							
	2024				2023			
	Revenue (RMB'000)	%	GFA under management ('000 sq.m.)	%	Revenue (RMB'000)	%	GFA under management ('000 sq.m.)	%
Residential Properties	137,745	70.2	7,098	84.8	145,775	78.0	7,438	77.5
Non-residential Properties	58,441	29.8	1,269	15.2	41,204	22.0	2,165	22.5
Total	**196,186**	**100.0**	**8,367**	**100.0**	186,979	100.0	9,603	100.0

The table below sets forth the breakdown of the total revenue from property management for FY2024 and FY2023, respectively and GFA under management by type of property developers as at 31 December 2024 and 2023, respectively:

	As at/for the year ended 31 December							
	2024				2023			
	Revenue (RMB'000)	%	GFA under management ('000 sq.m.)	%	Revenue (RMB'000)	%	GFA under management ('000 sq.m.)	%
Properties solely developed and co-developed by Sundy Land Group (Note 1)	164,464	83.8	6,675	79.8	150,696	80.6	7,343	76.5
Properties developed by independent third-party property developers	31,722	16.2	1,692	20.2	36,283	19.4	2,260	23.5
Total	**196,186**	**100.0**	**8,367**	**100.0**	186,979	100.0	9,603	100.0

Note 1: Sundy Land Group includes Sundy Land Investment Co., Ltd.* (宋都基業投資股份有限公司) and its subsidiaries.

Value-added services to non-property owners

Value-added services to non-property owners covered development, construction, design and other processes of properties, which were mainly provided to non-property owners such as real estate developers. During the Reporting Period, the Group recorded RMB12.7 million, representing a decrease of 65.0% compared to RMB36.3 million in FY2023. The decrease was mainly due to the decrease in the number of the newly-entered real estate projects in the pipeline.

The Group benefited from the long-term cooperation with Sundy Land Group to acquire projects for value-added services to non-property owners. As at 31 December 2024, the recovered GFA was approximately 1.3 million sq.m..

MANAGEMENT DISCUSSION AND ANALYSIS

Community value-added services

The Group actively developed community value-added services and created diversified life service scenarios based on the living needs of residents.

During the Reporting Period, the revenue from community value-added services reached RMB18.8 million, which was mainly from property repair and maintenance, waste cleaning, utility fee collection, community space services and retailing business.

Other business

The Group continued to operate Atour Hotel Hangzhou West Lake Hefang Street* (杭州西湖河坊街亞朵酒店) through its operating subsidiary, Hangzhou Sundy Jiahe Hotel Management Co., Ltd.* (杭州宋都嘉和酒店管理有限公司) ("**Sundy Jiahe**"). Revenue from hotel business for FY2024 reached RMB19.9 million, which was primarily generated from hotel room charge, food services and sales of personal care products.

PROSPECTS

During the Reporting Period, the property management industry continued its trajectory of high-level development, signifying a shift in focus within the real estate sector from "quantity to quality". The shift is due to the decreasing growth rate in management scale, marking the end of an era of blind expansion in the real estate industry. To address new challenges, an increasing number of property enterprises are actively adjusting their strategies, with a focus on enhancing operational efficiency and service quality.

2024 was a year of transformation and development for the property management industry. Faced with various challenges, the industry has been continuously exploring new development models to achieve high-quality and sustainable development.

Looking ahead, under the new circumstances, the Company plans to explore development opportunities in the following areas in 2025:

Enhancing service quality

The Company will organize regular professional training sessions for employees. The contents of trainings include customer service skills training and technical training to improve the service quality from the frontline to the back office.

The Company plans to review and improve its existing service standards. In terms of security services, the Company will invest in more advanced security monitoring systems and ensure that security personnel are well-trained in emergency response procedures to enhance the overall security level of the community.

Widespread application of smart technologies

The integration of smart technologies such as the Internet of Things, big data, and artificial intelligence will be a key trend. The Company will use these technologies to improve the efficiency and quality of services. For example, smart sensors are installed in buildings to monitor equipment operation and energy consumption in real time, enabling timely maintenance and energy-saving measures. Intelligent access control systems and video surveillance systems will enhance community security.

Involvement in urban services

As urbanization progresses, the Company is gradually expanding its business scope to city-scale services, including the management of public facilities, environmental sanitation, and greening in urban areas, playing a more important role in urban governance and contributing to the improvement of the urban living environment.

Focus on green and energy-saving management

The Company will place greater emphasis on the long-term maintenance and upgrading of buildings and facilities to ensure their sustainable use. Regular inspections and maintenance programs will be carried out to extend the service lives of buildings and facilities, while also improving their functionality and safety.

To implement green and energy-saving measures, the employees are encouraged to use energy-efficient equipment and renewable energy sources to reduce the environmental impact of buildings and contribute to the sustainable development of the community.

FINANCIAL REVIEW

Revenue

In FY2024, the Group's revenue amounted to RMB247.6 million, representing a decrease of 5.6% as compared to RMB262.4 million in FY2023.

Property management services: Property management services primarily consist of security, cleaning, gardening, repair and maintenance of common areas and common facilities and ancillary services. The portfolio of the Group's managed properties comprises residential properties and non-residential properties. The Group recorded revenue of RMB196.2 million in FY2024, representing a year-on-year increase of 4.9% as compared to RMB187.0 million in FY2023, accounting for 79.2% of the Group's total revenue in FY2024, which is the main source of revenue for the Group. The growth in revenue was mainly attributable to the income in the number of newly-delivered properties under management with higher pricing policies.

Value-added services to non-property owners: Value-added services to non-property owners are a range of value-added services the Group provides to non-property owners, primarily property developers. These services mainly include (i) consulting services, including advising property developers and property owners at the early and construction stages on project planning, design management and construction management; (ii) sales assistance services, which assist property developers in showcasing and marketing their properties, including display unit management and visitor reception for property development projects; and (iii) pre-delivery services, including unit cleaning before delivery, inspection services and security services for completed properties. The Group recorded revenue of RMB12.7 million in FY2024, representing a decrease of 65.0% as compared to RMB36.3 million in FY2023, accounting for 5.1% of the Group's total revenue in FY2024. The decrease in revenue was due to the continuing declining trend in the number of the newly-entered real estate projects in the pipeline.

Community value-added services: Community value-added services are a spectrum of community value-added services the Group provides to customers, primarily property owners and residents, including property repair and maintenance, waste cleaning, utility fee collection, remodeling and decoration and community space services. The Group recorded revenue of RMB18.8 million in FY2024, representing a year-on-year increase of 1.1% as compared to RMB18.6 million in FY2023, accounting for 7.6% of the Group's total revenue in FY2024. The revenue generated from community value-added services remained stable as compared with FY2023 as a result of the sustainable community value-added services to the projects under management.

Other businesses: Other businesses include hotel business and long-term rental apartment business. The Group recorded revenue of RMB19.9 million in FY2024, representing a year-on-year decrease of 2.9% as compared to RMB20.5 million in FY2023, accounting for 8.0% of the Group's total revenue in FY2024. The slight decline in revenue from other businesses resulted from the reflection of normal commercial competition in the field of the tourism industry.

Cost of sales

During the Reporting Period, the Group's cost of sales decreased by 12.6% from RMB217.4 million in FY2023 to RMB190.1 million in FY2024, mainly due to the decreased demand for value-added services to non-property owners which leads to the decreasing cost of human resources and outsourcing services.

Gross profit and gross profit margin

Based on the above factors, during the Reporting Period, the Group's overall gross profit increased by 28.1% from RMB44.9 million in FY2023 to RMB57.5 million in FY2024. The Group's gross profit margin increased by 6.1 percentage point from 17.1% in FY2023 to 23.2% in FY2024.

Gross profit of property management services increased by 39.1% from RMB25.6 million in FY2023 to RMB35.6 million in FY2024, and gross profit margin increased from 13.7% in FY2023 to 18.1% in FY2024, which was mainly due to the improvement of service quality and upgrade of smart community, resulted from the enhancement of effective management of specific residential properties by the Group.

Gross profit of value-added services to non-property owners decreased by 5.4% from RMB7.4 million in FY2023 to RMB7.0 million in FY2024, and the gross profit margin increased by 34.7 percentage points to 55.1% in FY2024 as compared to 20.4% in FY2023. This was mainly due to the decrease in the revenue of property service with higher gross profit and pre-delivery service.

Gross profit of community value-added services grew by 27.3% from RMB7.7 million in FY2023 to RMB9.8 million in FY2024, and the gross profit margin increased by 10.7 percentage points from 41.4% in FY2023 to 52.1% in FY2024. The increase was mainly due to the diversity of value-added business and the expansion of business with higher gross profit.

Gross profit of other businesses increased from RMB4.2 million in FY2023 to RMB5.1 million in FY2024, and the gross profit margin increased by 5.1 percentage points from 20.5% in FY2023 to 25.6% in FY2024. The increase was mainly attributable to the growth in revenue from hospital business.

Other income

During the Reporting Period, other income of the Group recorded RMB0.9 million representing a decrease of 89.5% as compared to other income of RMB8.6 million in FY2023, which was mainly due to the cessation of the financial guarantee with Hangzhou Xingfu Jian Holdings Co., Ltd ("**Xingfu Jian Holdings**").

Selling and marketing expenses

The Group's selling and marketing expenses maintained steady at RMB1.0 million in FY2024.

Administrative expenses

During the Reporting Period, the Group's administrative expenses increased by 15.6% from RMB24.3 million in FY2023 to RMB28.1 million in FY2024, mainly due to the growth of services fee of professional advisors.

Impairment loss on trade receivables

During the Reporting Period, the Group's impairment loss on trade receivables increased from RMB13.7 million in FY2023 to RMB19.8 million in FY2024 by 44.5%. The increase was primarily due to the lagging collection of the trade receivables during the Reporting Period.

Net finance income

During the Reporting Period, the Group's net finance income decreased from RMB3.2 million in FY2023 to RMB1.9 million in FY2024, mainly due to the reduction in the interest income.

Share of profits and losses of an associate and joint ventures

During the Reporting Period, the Group recorded share of profits of its associate, namely Ningbo Hesheng City Service Development Co., Ltd.* (寧波和晟城市服務發展有限公司), of a total of approximately RMB506,000, mainly due to the reduced cost as a result of expansion of business scale.

During the Reporting Period, the Group recorded share of losses of its joint ventures, namely Hangzhou Honghe Environmental Engineering Co., Ltd.* (杭州宏合環境工程有限公司) ("**Hangzhou Honghe**") and Ningbo Songjie Enterprise Management Partnership (Limited Partnership)* (寧波宋捷企業管理合夥企業（有限合夥）), of a total of approximately RMB1.3 million, which was mainly generated from the loss of Hangzhou Honghe.

Profits before tax

During the Reporting Period, the Group's profits before tax was RMB12.4 million, representing a decrease of 27.5% from RMB17.1 million in FY2023, mainly due to the increase of the impairment loss on trade receivables.

Profit for the year

During the Reporting Period, the Group's profit for the year was RMB7.8 million, representing a decrease of 35.0% from RMB12.0 million in FY2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Current assets, financial resources and current ratio

The Group maintained satisfactory financial performance in FY2024. As at 31 December 2024, current assets were RMB511.9 million, representing a growth of 10.0% as compared with RMB465.4 million as at 31 December 2023, which was mainly due to the increase of the properties held for sale which were newly acquired during the Reporting Period.

As at 31 December 2024, the Group's cash and cash equivalents were RMB175.0 million, representing a growth of 19.3% as compared with RMB146.7 million for FY2023. This was mainly due to the repayment of convertible notes which was subscribed by the Company on 22 December 2023. The current ratio (calculated by dividing current assets by current liabilities) of the Group increased from 2.76 times as at 31 December 2023 to 3.27 times as at 31 December 2024.

As at 31 December 2024, the total equity of the Group was RMB393.2 million, as compared with RMB392.5 million as at 31 December 2023. This was mainly due to the growth in net profit and retained earnings.

Bank loans and other borrowings

During the Reporting Period, save as the lease liabilities as disclosed in Note 31 to the consolidated financial statements, the Group did not have any bank loans or other borrowings.

Property, plant and equipment

As at 31 December 2024, the property, plant and equipment of the Group amounted to RMB18.2 million, representing a decline of 31.6% as compared with RMB26.6 million as at 31 December 2023, mainly due to the increase of the accumulated depreciation.

Capital structure

There has been no change in capital structure of the Company during the year ended 31 December 2024. The capital of the Company comprises ordinary shares and other reserves.

Contingent liabilities

During the Reporting Period, the Group did not have any material contingent liabilities (31 December 2023: nil).

Treasury policy

To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Pledged assets

As at 31 December 2024, the Group did not have any pledged assets (31 December 2023: nil).

Trade and other receivables

As at 31 December 2024, trade and other receivables amounted to RMB170.3 million, representing a decline of 26.1% as compared with RMB230.3 million as at 31 December 2023, mainly due to the acquisition of assets which offset the trade receivables during the Reporting Period.

The table below sets forth the ageing analysis of trade receivables as at the date indicated and the subsequent settlement of the trade receivables for the Reporting Period.

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000	Subsequent settlement RMB'000
Related parties			
0 to 180 days	**19,736**	21,402	202
181 to 365 days	**22,329**	17,805	–
1 to 2 years	**16,189**	56,101	–
2 to 3 years	**–**	27,990	–
Over 3 years	**–**	4,704	–
Independent third parties			
0 to 180 days	**48,827**	31,195	3,477
181 to 365 days	**31,693**	23,565	77
1 to 2 years	**3,777**	19,514	1,120
Total	**142,551**	202,276	4,876

In order to recover the long aged trade receivables, the Group has taken actions as below:

– For related parties (mainly members of Sundy Land Group), the Group regularly follows up with the corresponding units on the payment status and sends out reminders on a quarterly or semi-annual basis for accounts receivables with longer ageing periods. Considering the long-term cooperations with Sundy Land Group and the fact that the Group has been substantially benefited from such relationship to acquire various projects, as at the date of this report, the Group has no current plans to take out legal actions regarding such accounts receivables. Meanwhile, the Group will continue to closely monitor the payment status and the recoverability of such accounts receivables, and when necessary, for instance, if payment has not been settled according to the agreed schedule by the corresponding unit, the Group will consider and commence legal proceedings against the relevant related parties to recover the said accounts receivables. The Group also actively negotiated with the related parties to deal with the receivables including but not limited to other payables covering the trade receivables and taking assets to cover the unpaid receivables.

  On 26 March 2024, the Company entered into the Acquisition of Properties and Debts Settlement Framework Agreement. Pursuant to the Acquisition of Properties and Debts Settlement Framework Agreement, the Company has conditionally agreed to acquire and the Sundy Land Group has conditionally agreed to dispose of the properties in an aggregate consideration of RMB100,050,000 which shall be offset against the trade receivables for the year ended 31 December 2023 on a dollar-for-dollar basis. The Acquisition of Properties and Debts Settlement Framework Agreement was approved by the extraordinary general meeting held on 14 June 2024.

– For third parties, based on the historical payment record of the customer(s) involved and the actual agreed payment date of the corresponding accounts receivables, the Group has issued or will issue reminder to the customer setting out the deadline to settle the outstanding sum. If such customer does not settle the outstanding sum on or before the deadline, a formal demand letter will be issued. For those accounts receivables which are not recovered after the said actions, the Group will commence legal proceedings accordingly. Taking into account the business nature of the Group, some independent third parties are property owners, according to industry practice, the Group also conducts regular activities to encourage such property owners to settle management fees in a timely manner, as well as report to the management the collection status of outstanding management fees on a daily basis.

Impairment loss on trade receivables

During the Reporting Period, the impairment loss on trade receivables of the Group amounted to RMB19.8 million, representing a growth of 44.5% as compared with RMB13.7 million in the same period of 2023.

Trade and other payables

As at 31 December 2024, trade and other payables amounted to RMB123.0 million, representing a decrease of 7.9% as compared with RMB133.5 million as at 31 December 2023. This was mainly due to the decrease of outsourcing services which leads to a decline of the trade payables from third parties.

Human resources and remuneration policies

As at 31 December 2024, the Group employed a total of 435 employees (for the year ended 31 December 2023: 575 employees). During the Reporting Period, the staff costs of the Group were RMB60.7 million (2023: RMB72.5 million).

In determining remuneration of Directors and senior management of the Company, the Board will consider the remuneration level of skill, knowledge, involvement in the Group's affairs and performance of each Director, together with reference to the profitability of the Company, remuneration benchmarks in the industry, and prevailing market conditions.

The Group ensures that their employees are offered competitive remuneration package. The Group had also adopted a share option scheme, details of which has been disclosed in the paragraph headed "Statutory and General Information – D. Other information – 1. Share Option Scheme" in Appendix IV of the prospectus of the Company dated 31 December 2020 (the "**Prospectus**").

Significant investments, acquisitions and disposals

The Group's significant investments, material acquisitions or disposals of subsidiaries comprised i) the convertible notes issued by a company listed in Australia; ii) wealth management product; iii) acquisitions of assets held for sale; and iv) the disposal of a subsidiary, and details of which are set out below.

Convertible note issued by a company listed in Australia

As disclosed in the announcement of the Company dated 22 December 2023, the Company entered into the binding terms sheet in relation to the subscription of convertible notes (the "**Convertible Notes**") with Black Cat Syndicate Limited ("**Black Cat**"), a company incorporated in Australia and listed on Australia Securities Exchange (Stock Code: BC8) and principally engaged in the exploration for minerals and the economic evaluation of gold projects located in Western Australia, pursuant to which the Company agreed to subscribe for the convertible notes in an aggregate amount of AUD$9,000,000 using internal resources. The Convertible Notes will mature on 31 March 2027 and can be converted at any time at the Company's discretion. Interest will be accrued daily at 10% per annum inclusive of interest withholding tax and will be capitalised monthly up to 30 September 2024. The Group considers this as a strategic investment and will review its investment strategy regularly in response to the changes in market situation.

On 12 November 2024, Black Cat repaid the Convertible Notes in the total amount of approximately AUD$9.0 million, which comprised the principal amount of approximately AUD$9.0 million and interest income of approximately AUD$26,284.85 (the "**Repayment**"). As at 31 December 2024, the total interest income generated from the Convertible Notes recorded approximately AUD$0.7 million.

Wealth Management Product

a) As disclosed in the announcement of the Company dated 29 November 2023, Hangzhou Sundy Property Management Co., Ltd. ("**Sundy Property**") entered into an agency sales agreement for institutional wealth management product with Huaxia Bank Co., Ltd.* (華夏銀行股份有限公司) ("**Huaxia Bank**"), pursuant to which Sundy Property agreed to subscribe for the Huaxia Wealth Management Fixedincome Pure Debt Wealth Management Product No.7F (華夏理財固定收益純債型日日開理財產品7號F) (the "**Huaxia Wealth Management Product**") offered by Huaxia Wealth Management Co., Ltd * (華夏理財有限責任公司) ("**Huaxia Wealth Management**") in an aggregate amount of RMB70,000,000 using internal resources.

   Huaxia Wealth Management is a wealth management subsidiary wholly owned by Huaxia Bank. The business scope of Huaxia Wealth Management mainly covers issuing wealth management products to the public and investing and managing the investors' assets as trustee, issuing wealth management products to qualified investors and investing and managing the investors' assets as trustee, and financial advisory and consulting services. Huaxia Bank is a licensed bank in the PRC and a joint stock company established under the laws of the PRC, which provides corporate and personal banking business, treasury business, finance leasing, asset management and other financial services in the PRC. Its shares are listed on the Shanghai Stock Exchange (stock code: 600015).

   The investment cost of the Huaxia Wealth Management Product was RMB70,000,000. As disclosed in the announcement of the Company dated 24 January 2024, Sundy Property redeemed the Huaxia Wealth Management Product on 3 January 2024 and the total gain on investment in Huaxia Wealth Management Product was approximately RMB217,000 with an average annualized rate of return of approximately 3.33%. The Company considers that the Huaxia Wealth Management Product generated a better return than letting its idle funds earning a fixed-term deposit with commercial banks in the PRC.

b) On 15 April 2024, Sundy Property, entered into an agency sales agreement for institutional wealth management product with Industrial and Commercial Bank of China Limited* (中國工商銀行股份有限公司) ("**ICBC**"), pursuant to which Sundy Property agreed to subscribe for the ICBC Wealth Management • Zhouzhou Xintianyi Fixed-income 7-day Wealth Management Product (工銀理財 • 周周鑫添益固收類7天定開法人理財產品) offered by ICBC Wealth Management Co., Ltd* (工銀理財有限責任公司) (the "**ICBC Wealth Management Product**") in an aggregate amount of RMB20,000,000 using internal resources. ICBC is a licensed bank in the PRC. The ICBC Wealth Management Product has non-fixed term, the expected annualised rate of return is 2.6% to 3.6% (non-guaranteed). Sundy Property redeemed the ICBC Wealth Management Product on 10 July 2024.

As at 30 June 2024, the fair value of the ICBC Wealth Management Product amounted to approximately RMB20,120,000. The investment cost of the ICBC Wealth Management Product was RMB20,000,000. The total gain on investment in ICBC Wealth Management Product was approximately RMB125,000 with an average annualized rate of return of approximately 2.68%. The Company considers that the ICBC Wealth Management Product generated a better return than letting its idle funds earning a fixed-term deposit with commercial banks in the PRC.

c) On 16 December 2024, Hangzhou Sundy Jiahe Hotel Management Co., Ltd. ("**Sundy Jiahe**") entered into an agency sales agreement for institutional wealth management product with Bank of Hangzhou Co., Ltd* (杭州銀行股份有限公司) ("**Bank of Hangzhou**"), pursuant to which Sundy Jiahe agreed to subscribe for the Bank of Hangzhou Wealth Management Happiness 99 tianyi 7-day Wealth Management Product (杭銀理財幸福99添益(安享優選)7天持有期理財) offered by Hangying Wealth Management Co., Ltd* (杭銀理財有限責任公司) (the "**Hangying Wealth Management Product**") in an aggregate amount of RMB6,000,000 using internal resources. The Bank of Hangzhou is a licensed bank in the PRC. The Hangying Wealth Management Product has non-fixed term, the expected annualised rate of return is 1.9% to 2.3% (non-guaranteed).

As at 31 December 2024, the fair value of the Hangying Wealth Management Product amounted to RMB6,005,000. The investment cost of the Hangying Wealth Management Product was RMB6,000,000. The total gain on investment in the Hangying Wealth Management Product was approximately RMB5,000 with an average annualized rate of return of approximately 1.9% to 2.3%. The Company considers that the Hangying Wealth Management Product generated a better return than letting its idle funds earning a fixed-term deposit with commercial banks in the PRC.

Acquisitions of assets held for sale

a) On 5 January 2024 (after trading hours), Sundy Property entered into a property transfer agreement with Guzhang Daying Mining Co., Ltd.* (古丈大盈礦業有限公司) ("**Guzhang Daying**") (the "**Property Transfer Agreement**"), pursuant to which Guzhang Daying agreed to transfer the land use rights of the properties (the "**Properties**") to Sundy Property at an aggregate consideration of RMB39,730,000. The Property Transfer Agreement was approved by the extraordinary general meeting held on 26 February 2024. For further details of the Property Transfer Agreement, please refer to the announcement of the Company dated 5 January 2024 and the circular of the Company dated 31 January 2024.

As at 31 December 2024, the book value of the Properties amounted to RMB39.1 million. The Properties were primarily held for sale and the Group is of the view that it is in the interest of the Group to acquire the Properties in order to save future rental expenses and effectively reducing leasing cost. The Group intends to improve yield by repositioning underutilised units for internal use or disposal.

b) On 26 March 2024, the Company entered into the Acquisition of Properties and Debts Settlement Framework Agreement. Pursuant to the Acquisition of Properties and Debts Settlement Framework Agreement, the Company has conditionally agreed to acquire and the Sundy Land Group has conditionally agreed to dispose of the properties (the "**Settlement Properties**") in an aggregate consideration of RMB100,050,000 which shall be offset against the trade receivables for the year ended 31 December 2023 on a dollar-for-dollar basis. For further details of the Acquisition of Properties and Debts Settlement Framework Agreement, please refer to the announcement of the Company dated 26 March 2024 and 9 April 2024 and the circular of the Company dated 24 May 2024. The Acquisition of Properties and Debts Settlement Framework Agreement was approved by the extraordinary general meeting held on 14 June 2024.

   As at 31 December 2024, the book value of the Settlement Properties amounted to RMB97.7 million. The Settlement Properties were primarily held for sale. The Company is of the view that the Settlement Properties would create good synergy effect with the existing business of the Group. These Settlement Properties are expected to enhance rental income and may be disposed in the open market when opportunities arise. This acquisition enabled the Group to recover long-outstanding receivables in kind, while obtaining income-generating assets.

Disposal of a subsidiary

On 15 June 2024, the Group entered into an equity transfer agreement with Taizhou Lu Qiao Lvgang Tongxiang Estate Co., Ltd* (台州陸橋旅港同鄉置業有限公司) to dispose 51% equity of Sundy Lvgang (Taizhou) Service Co., Ltd.* (宋都旅港（台州）物業服務有限公司) at an aggregate consideration of RMB2,817,000.

Foreign exchange risk exposure

The Group mainly operates its business in the PRC, and most of its business are conducted in RMB, and its exposure to foreign exchange risks is limited. However, as the proceeds from the Listing are dominated in Hong Kong dollar, the depreciation or appreciation of the Hong Kong dollar and interest rate adjustments will affect the performance of the Group. Therefore, the Group will closely monitor the exchange rate risks and interest rate risks involved, actively discuss foreign exchange hedging solutions with major banks, and use financial instruments to counter the risks involved when necessary.

FINAL DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders who are entitled to attend and vote at the annual general meeting of the Company ("**AGM**"), the register of members of the Company will be closed from Monday, 2 June 2025 to Thursday, 5 June 2025 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer documents together with the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar for registration, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 30 May 2025.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability of the Company. During the Reporting Period and up to the date of this report, the Company has adopted and complied with all applicable code provisions under the Corporate Governance Code in Appendix C1 to the Listing Rules.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Company has established the Audit Committee in compliance with the Listing Rules to fulfil the functions of reviewing and monitoring the financial reporting and internal control of the Company. The Audit Committee currently consists of three independent non-executive Directors, namely, Ms. Ye Qian, Mr. Huang Enze and Mr. Zhu Haoxian. Ms. Ye Qian is the chairman of the Audit Committee.

The Audit Committee has reviewed with the management of the Company this annual results and the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial statements matters, including the review of the consolidated financial statements of the Group for FY2024.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set forth in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions of the Directors. The Company had made specific enquiry and each Director confirmed that they have complied with the Model Code during the Reporting Period and up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period and up to the date of this report.

PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules during the Reporting Period and up to the date of this report. The Company maintained the minimum level of public float of 25% of its total issued share capital.

EVENTS AFTER THE REPORTING PERIOD

The following events happened subsequent to the end of the Reporting Period:

(1) On 27 February 2025, Hangzhou Xingrun Enterprise Management Co., Ltd. ("**Hangzhou Xingrun**"), a subsidiary of the Company, entered into a structured deposit product agreement with China Minsheng Bank Co., Ltd. ("**China Minsheng Bank**"), pursuant to which, Hangzhou Xingrun agreed to subscribe for structured deposit product of RMB50 million from China Minsheng Bank using the internal funds of the Group; and

(2) On 19 March 2025, the Company announced that (i) Ms. Miao Jianping resigned as the chief financial officer of the Company (the "**Chief Financial Officer**"); (ii) Ms. Zhang Qisi resigned as the company secretary of the Company (the "**Company Secretary**"); (iii) Ms. Chen Xiaomin was appointed as the Chief Financial Officer; and (iv) Ms. Xu Xiaoli was appointed as the Company Secretary.

USE OF PROCEEDS FROM THE LISTING AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The net proceeds from the Listing intended to be applied in accordance with the section headed "Future Plans and Use of Proceeds" in the Prospectus and with details as set out as follow:

- approximately 48% to acquire, invest in, or form strategic alliance with one or more than one financially sound property management company with business focus on provision of property management services to residential and/or non-residential properties within the Yangtze River Delta region, particularly Hangzhou and other cities where the Group considers to be appropriate based on the market needs. As of the date of this report, approximately 15.3% of the amount has been utilised, mainly for investment in a joint venture and an associate and it is expected to be fully utilised by 31 December 2025;

- approximately 12% to invest in and expand the services related to the Future Community Pilot Plan, which primarily involves the provision of property management services and various types of community value-added services. As of the date of this report, all of the amount has been used for investing in digital upgrading among the certain future communities;

- approximately 15% to create a smart community through utilisation of advanced technology, such as the use of electronic patrolling systems and smart accesses, introduction of intelligent products and services and utilisation of digital equipment; and develop a mobile application for property owners and residents. As at the date of this report, all of the amount has been utilised to develop and upgrade the online-offline mobile application;

- approximately 15% to explore, diversify and expand its community value-added services, including move-in and move-out services, household services, home cleaning and laundering services, childcare, babysitting and elderly care services for property owners and residents; and expand other businesses, in particular long-term rental apartment business. As of the date of this report, approximately 55.2% of the amount has been utilised, mainly for investing in childcare, babysitting and elderly care services for residents and it is expected to be fully utilised by 31 December 2025; and

- approximately 10% to provide funding for its working capital and other general corporate purposes. As of the date of this report, all of the amount has been used, mainly for payment of related intermediary service fees after the Listing and other operating purposes.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Ms. YU Yun (俞昀) ("**Ms. Yu**"), aged 30, is an executive Director and the Chairman of the Board. She is the daughter of Mr. Yu Jianwu (俞建午先生) ("**Mr. Yu**") and was appointed to the Board on 15 December 2019 and was designated as an executive Director on 15 January 2020. She is primarily responsible for overall strategic planning and overall management of the Group, overseeing our business operations, finance and human resources. Ms. Yu has been a director of Sundy Property since March 2018. She has also served various positions with other members of the Group as follows:

Company name	Position	Period of service
HUI DU GROUP CO. LTD (匯都集團有限公司)	Director	Since December 2019
RONG DU GROUP CO. LTD (榮都集團有限公司)	Director	Since December 2019
Hangzhou Xingrun Enterprise Management Co., Ltd.* (杭州興潤企業管理有限公司) ("**Hangzhou Xingrun**")	Executive director and general management	From January 2020 to October 2023
Hangzhou Songya Property Service Co., Ltd* (杭州宋雅物業服務有限公司) (formerly known as Hangzhou Lusong Property Service Co., Ltd* (杭州綠宋物業管理有限公司)) ("**Songya Service**")	Director	Since May 2019

From August 2015 to July 2016, Ms. Yu apprenticed as an intern at Sundy Property and rotated to various departments with the purposes of understanding and familiarising herself with the PRC property management industry and the Group's operations. In particular, from 1 August 2015 to 31 December 2015, she rotated to the general management department, finance department and engineering department. Her work responsibilities in the above mentioned departments included coordinating internal and external communications and public relations management; assisting in staff recruitment management work, participating in talent building and talent pool work; assisting in budget and accounting management; and assisting in the evaluation of engineering suppliers and procurement of engineering materials. From 1 January 2016 to 31 July 2016, she was assigned to the quality control department, maintenance department and market development department on a rotational basis. Her work responsibilities in the above mentioned departments included assisting in the inspection and assessment of the property service treatment for projects; assisting in collating property-related issue reports by the property owners; organising preliminary investigations and demonstrations of potential projects, and assisting in drafting property management related documents; and assisting in drafting bidding contracts and documents, and participating in the bidding process for new projects.

From August 2016 to August 2017, Ms. Yu was a personnel of the human resources recruitment team of Lufax (Shanghai) Technology Services Co., Ltd.* (陸金所(上海)科技服務有限公司) (currently known as Weikun (Shanghai) Technology Services Co., Ltd.* (未鯤(上海)科技服務有限公司)), an integrated online wealth management platform company, where she was responsible for management work of recruitment work. From March 2018 to December 2019, Ms. Yu was the general manager and executive director of Shanghai Yongdu Enterprise Management Co., Ltd.* (上海湧都企業管理有限公司), a corporate advisory services company, where she was responsible for strategic planning, overall management and supervision of the operation, finances and human resources of the company. From March 2018 to December 2019, Ms. Yu was the executive director and general manager of Hangzhou Yuanqi Enterprise Management Co., Ltd.* (杭州源祺企業管理有限公司), a corporate advisory services company, where she was responsible for strategic planning, overall management and supervision of the operation, finances and human resources of the company. From October 2021 to June 2023, she was the director of Sundy Land, an associate of Mr. Yu, one of the Controlling Shareholders of the Company. In May 2022, she has been appointed as the company secretary of Sundy Land and resigned in May 2023.

Ms. Yu obtained a bachelor of science in business administration degree from the University of Southern California in May 2015.

Mr. ZHU Yihua (朱軼樺) ("**Mr. Zhu**"), aged 42, an executive Director and the Chief Executive Officer. He was appointed as an executive Director on 1 March 2021 and further appointed as the Chief Executive Officer on 2 June 2023.

Mr. Zhu has more than 17 years of experience in the real estate industry. He joined Hangzhou Sundy Real Estate Agent Co., Ltd.* (杭州宋都房地產代理有限公司) ("**Sundy Real Estate**") since August 2005, served as an assistant to the manager of the prophase operation department and the deputy manager of the operation management department, responsible for the prophase operation of real estate projects. From May 2012 to February 2021, he worked as a manager of projects integrated management department, marketing director, deputy project general manager and deputy district general manager in Sundy Real Estate, where he gained valuable experience in real estate project development and management. Since April 2016, Mr. Zhu served as the board of supervisors of Sundy Land, and was appointed as the chairman of the board of supervisors of Sundy Land in May 2018, responsible for the functioning of the board of supervisors, and resigned in February 2021.

Mr. Zhu graduated from City College of Zhejiang University (浙江大學城市學院), majoring in Computer Science and Technology in June 2005 and obtained a bachelor's degree in Engineering from Zhejiang University. He obtained a master's degree in architecture and civil engineering from Xi'an University of Architecture and Technology (西安建築科技大學) in January 2016.

DIRECTORS AND SENIOR MANAGEMENT

Mr. ZHU Congyue (朱從越), aged 55, is an executive Director. He was appointed as an executive Director on 2 June 2023. From February 2020 to March 2021, he served as the manager for the public opinions and affairs of property management at Hangzhou Sundy Property Management Co., Ltd.* (杭州宋都物業經營管理有限公司), a wholly-owned subsidiary of the Company. Since April 2021, he has been the business manager at Hangzhou Herui Living Service Co., Ltd.* (杭州和瑞生活服務有限公司) ("**Hangzhou Herui**"), a wholly-owned subsidiary of the Company. Since joining the Group, he has been mainly responsible for the Group's public opinion management, and as the person in charge of the commercial management of the Group's future community pilot of Caihe Street, Shangcheng District, Hangzhou. In addition, he has been responsible for overall management of the property management services of the Group and served various positions with other members of the Group as follow:

Company name	Positions	Period of service
Hangzhou Xingrun	Executive director	Since October 2023
Gold Standard Mining (Chongqing) Co., Ltd.* (金本位礦業(重慶)有限公司)	Executive director	Since January 2024 to October 2024
Sundy Property	Chairman of the board of directors	Since June 2023
Hangzhou Hehong Property Service Co., Ltd.* (杭州和宏物業服務有限公司)	Executive director	Since July 2023
Shaoxing Sundy Property Service Co., Ltd.* (紹興宋都物業服務有限公司)	Executive director	Since July 2023
Hangzhou Hejin Living Service Co., Ltd.* (杭州和錦生活服務有限公司)	Executive director	Since June 2023
Hangzhou Sundy Jiahe Hotel Management Co., Ltd.* (杭州宋都嘉和酒店管理有限公司)	Executive director	Since July 2023
Hangzhou Herui	Executive director	Since June 2023
Sundy Living Service (Chongqing) Co., Ltd.* (宋都生活服務(重慶)有限公司)	Executive director	Since January 2024 to August 2024
Hangzhou Hongdu Information Engineering Co., Ltd.* (杭州鴻都信息工程有限公司)	Executive director	Since June 2023
Gold Standard Mining (Hangzhou) Co., Ltd.* (金本位礦業(杭州)有限公司)	Executive director	Since January 2024
Hangzhou Herui Commercial and Trading Service Co., Ltd.* (杭州和瑞商貿服務有限公司)	Executive director	Since June 2023
Ningbo Fenghua Sundy Property Service Co., Ltd.* (寧波奉化宋都物業服務有限公司)	Executive director	Since June 2023

Company name	Positions	Period of service
Quzhou Changshan Sundy Property Service Co., Ltd.* (衢州常山宋都物業服務有限公司)	Executive director	Since June 2023
Songya Service	Chairman of the board	Since October 2023
Sundy Real Estate	Executive director	Since June 2023
Hangzhou Songdu Exhibition Co., Ltd.* (杭州頌都會展有限公司)	Executive director	Since June 2023
Wenzhou Sundy Property Service Co., Ltd.* (溫州宋都物業服務有限公司)	Executive director	Since April 2024
Hangzhou Sundy Hemei Property Service Co., Ltd.* (杭州宋都和美物業服務有限公司)	Executive director	Since June 2023
Golden Germanium Silver Gallium Resources (Hangzhou) Co., Ltd.* (金鍺銀鎵資源(杭州)有限公司)	Executive director	From September 2023 to June 2024
Hangzhou Hesong City Service Co., Ltd.* (杭州和頌城市服務有限公司)	Executive director	From June 2023 to June 2024

Mr. Zhu Congyue has more than 20 years of experience in finance and related field. From January 1995 to September 1997, he worked as a broker, trader and market representative of Chengdu Mercantile Exchange* (成都聯合商品交易所) at Zhejiang Zhongsheng Futures Brokerage Co., Ltd.* (浙江中盛期貨經紀有限公司) and Zhejiang Yuantong Futures Brokerage Co., Ltd.* (浙江遠通期貨經紀有限公司), where he was mainly responsible for futures investment and trading management. From October 1997 to January 1998, he was seconded to China Securities Regulatory Commission Ningbo Office* (中國證監會寧波特派辦) (currently known as Ningbo Securities Regulatory Commission* (寧波市證監局)), where he was mainly responsible for the supervision and management of the securities firms in Ningbo. From June 1998 to November 2009, he worked as a project manager at Ningbo Tiantian Scheming Service Co., Ltd.* (寧波天天策劃服務公司), where he was mainly responsible for the scheming and consultation services in company shareholding structure reformation and pre-listing work for over 20 companies. From December 2009 to July 2015, he worked as an investment consultant at the Hangzhou Yanggongdi Securities Sales Department of Zhongshan Securities Co., Ltd.* (中山證券有限責任公司杭州楊公堤證券營業部), where he was mainly responsible for securities investment consultation, institutional business management and futures introducing broker (IB) business management. From July 2015 to September 2016, Mr. Zhu Congyue worked as the general manager at Hangzhou Juyi Investment Management Co., Ltd.* (杭州聚易投資管理有限公司), where he was mainly responsible for private equity investment fund management. From September 2016 to October 2017, he worked as the deputy general manager of the investment banking department III at Ping An Bank Wenzhou Branch, where he was mainly responsible for investment banking business management.

Mr. Zhu Congyue obtained a bachelor of electrical system and automation degree from Zhejiang University (浙江大學) in July 1991.

Mr. Zhu Congyue was the legal representative, executive director and general manager of each of the following companies in the PRC immediately prior to their respective dissolutions:

Name of the company	Principal business activities prior to dissolution	Date of dissolution	Means of and reasons for dissolution
Hangzhou Linyou Trading Co., Ltd.* (杭州麟優商貿有限公司)	Retail of food and daily necessities	16 April 2023	Voluntary deregistration
Hangzhou Qikai Trading Co., Ltd.* (杭州麒開商貿有限公司)	Food retail	17 April 2023	Voluntary deregistration

Mr. ZHANG Zhenjiang (張振江) ("**Mr. Zhang**"), aged 58, is an executive Director. He was appointed as an executive Director on 4 July 2023.

Mr. Zhang has over 35 years of experience in geological exploration and geotechnical engineering. From December 1995 to December 2005, Mr. Zhang worked as a geotechnical engineer in the Second Brigade of the Golden Armed Police Force of China* (中國人民武裝警察部隊黃金二總隊). From May 2006 to June 2006, he worked as a chief geotechnical engineer at the Xiamen Geological Exploration Institute, headquarters of Zijin Mining Group Co., Ltd.* (紫金礦業集團股份有限公司). From July 2006 to May 2007, Mr. Zhang worked as a director of geological exploration department of Dixu gold mine of Zijin Mining Group Co., Ltd.* (紫金礦業集團股份有限公司) in Guangnan County, Yunnan Province, China. From June 2007 to May 10, 2010, he worked as a chief geotechnical engineer in Guangnan Longxing Mining Industry Co., Ltd.* (文山州隆興礦業有限公司). From May 2010 to December 2014, he worked as a chief engineer in Beijing Huahui International Mining Investment Development Co., Ltd.* (北京華匯國際礦業投資開發有限公司). From January 2015 to December 2017, Mr. Zhang worked as a chief engineer of Qinglong Manchu Autonomous County Xinlei Mining Development Co., Ltd.* (青龍滿族自治縣鑫磊礦業開發有限公司). From January 2018 to December 2019, he worked as a supervisor engineer of geological exploration at Shandong Zhaojin Geological Exploration Co., Ltd.* (山東招金地質勘查有限公司). From January 2020 to December 2022, he conducted geological due diligence works in Zimbabwe, Indonesia, Laos, Mongolia and several other countries. Since June 2023, Mr. Zhang has been worked as a chief geotechnical engineer in Gongji Rundao Investment Co., Ltd.* (共濟潤道投資有限公司).

Mr. Zhang graduated from Changchun Metallurgical Geological Vocational School* (長春冶金地質專科學校) with a major in geological exploration in July 1987.

Mr. Zhang is currently an engineer registered by National Bureau of Metallurgical Industry* (國家冶金工業局) (formerly known as Ministry of Metallurgical Industry of the People's Republic of China* (中華人民共和國冶金工業部)).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. ZHANG Jingzhong (章靖忠), aged 62, is an independent non-executive Director. He was appointed to the Board on 17 December 2020. He is mainly responsible for providing independent judgement and supervision to the Board.

From December 2015 to September 2019, he was an independent director of Zhejiang Hailiang Co., Ltd. (浙江海亮股份有限公司), a copper product research, development, manufacturing and sales company listed on the Shenzhen Stock Exchange (stock code: 002203). From August 2015 to October 2020, he has been an independent director of Zhejiang Jinggong Technology Co., Ltd. (浙江精功科技股份有限公司), a high-tech products research, development and production company listed on the Shenzhen Stock Exchange (stock code: 002006). From August 2017 to October 2021, he was an independent director of Lily Group Co., Ltd. (百合花集團股份有限公司), a company engaged in production of organic pigments and pigments intermediates and is listed on the Shanghai Stock Exchange (stock code: 603823). From September 2016 to December 2022, he was an independent director of Kweichow Moutai Co., Ltd. (貴州茅台酒股份有限公司), an alcohol production and sales company listed on the Shanghai Stock Exchange (stock code: 600519). Since October 1988, he has been the head (主任) of T&C Law Firm (天冊律師事務所), where he is responsible for advising on corporate law, capital markets and dispute resolution. Since April 2015, he has served as a legislative consultancy expert for the legal office of the Zhejiang Provincial People's Government (浙江省人民政府法制辦公室). Since May 2017, he has been an independent director of Shanghai M&G Stationery Inc. (上海晨光文具股份有限公司), a stationery manufacturing and sales company listed on the Shanghai Stock Exchange (stock code: 603899). Since October 2020, he has been an independent director of Gansu Huangtai Wine Industry Co., Ltd. (甘肅皇台酒業股份有限公司), alcohol production and sales company listed on the Shenzhen Stock Exchange (stock code: 000995). Since July 2017, he has served as a legal consultant for the Zhejiang Provincial People's Government (浙江省人民政府), where he is responsible for providing legal advice.

Since May 2018, he has been an arbitrator of the Shanghai International Arbitration Center (上海國際仲裁中心). Since February 2019, he has been an arbitrator of the Shenzhen Court of International Arbitration (深圳國際仲裁院).

He obtained a bachelor of law degree from Hangzhou University* (杭州大學) (currently known as Zhejiang University* (浙江大學)) in the PRC in July 1984. He further completed an executive master of business administration program from the Shanghai National Accounting Institute (上海國家會計學院) in the PRC in May 2011.

He is currently a lawyer registered by the Zhejiang Provincial Department of Justice (浙江省司法廳).

Mr. Zhang Jingzhong resigned as an independent non-executive Director on 4 January 2024.

DIRECTORS AND SENIOR MANAGEMENT

Ms. YE Qian (葉茜) ("**Ms. Ye**"), aged 39, is an independent non-executive Director. She was appointed to the Board on 24 November 2023. Ms. Ye is mainly responsible for providing independent judgement and supervision to the Board.

Ms. Ye has more than 14 years of experience in the fields of internal control and auditing. From September 2011 to September 2013, Ms. Ye served as a project manager in BDO China Shu Lun Pan Certified Public Accountants (LLP)* Beijing branch. From December 2014 to June 2018, she served as department manager in Beijing Xinghua Certified Public Accountants (LLP)* ("**Xinghua**") Tianjin Branch, and further served as a partner in Beijing Headquarters of Xinghua. Since June 2018, Ms. Ye has been the head of Zhongjianhua Certified Public Accountants Limited* Tianjin Branch.

Since September 2023, Ms. Ye has been an independent director of Guangdong Gaole Group Co., Ltd. (廣東高樂股份有限公司), a children products design and production company listed on the Shenzhen Stock Exchange (stock code: 002348).

Ms. Ye graduated from Nankai University in January 2009 with bachelor degrees in law and management.

Ms. Ye is currently a certified accountant registered with the Chinese Institute of Certified Public Accountants.

Mr. LAU Kwok Fai Patrick (劉國煇) ("**Mr. Lau**"), HKICPA, FCCA, aged 52, was appointed the Board on 17 December 2020. Mr. Lau is mainly responsible for providing independent judgement and supervision to the Board.

Mr. Lau has more than 22 years of experience in the fields of accounting, auditing, financial advisory and corporate governance. He served as an auditor in Baker Tilly Hong Kong (formerly known as Glass Radcliffe Chan & Wee Certified Public Accountants) from September 1996 to November 1997 mainly responsible for statutory audit. From December 1997 to April 1999, Mr. Lau served as an associate in PricewaterhouseCoopers Ltd. And was mainly responsible for statutory audit, internal control review and enterprise listing audit. From October 1999 to June 2011, Mr. Lau worked at KPMG at which his last position was manager, mainly responsible for financial due diligence, corporate reorganization and liquidation, analysis for corporate acquisitions, financial modeling and consultation services. From July 2011 to June 2016, Mr. Lau served in various positions, including deputy general manager, financial controller and company secretary in China City Railway Transportation Technology Holdings Company Limited (now known as BII Railway Transportation Technology Holdings Company Limited), the shares of which are listed on the Main Board of the Stock Exchange in December 2013 (stock code: 1522). Mr. Lau was the chief financial officer and company secretary of Alliance International Education Leasing Holdings Limited (formerly known as International Alliance Financial Leasing Co., Ltd.), a company listed on the Main Board of the Stock Exchange (stock code: 1563) from July 2016 to October 2019 and from May 2018 to October 2019, respectively.

Mr. Lau was an independent non-executive director of Jinhai International Group Holdings Limited (formerly known as Kakiko Group Limited), a company listed on the Main Board of the Stock Exchange (stock code: 2225) from September 2017 to July 2020. He is currently also an independent non-executive director of FDB Holdings Limited (formerly known as Dafy Holdings Limited and Steering Holdings Limited) (stock code: 1826) and Ximei Resources Holdings Limited (stock code: 9936), the shares of both companies are listed on the Main Board of Stock Exchange. Since March 2023, Mr. Lau has been an independent non-executive director of Zhongtian Construction (Hunan) Group Limited, a general contracting construction group listed on the Main Board of the Stock Exchange (stock code: 2433).

Mr. Lau obtained an honours diploma in accounting from Hong Kong Shue Yan College (now known as Hong Kong Shue Yan University) in July 1996. He later obtained a master's degree in Corporate Governance and Directorship (Distinction) from Hong Kong Baptist University in November 2014. He also obtained his HKICPA Diploma in Insolvency awarded by the Hong Kong Institute of Certified Public Accountants in June 2004. Mr. Lau has been a fellow member of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants (formerly known as Hong Kong Society of Accountants) since December 2007 and July 2003, respectively. He has also been a member of Beta Gamma Sigma Hong Kong Baptist University Chapter since April 2014.

Mr. Lau resigned as an independent non-executive Director on 4 January 2024.

Mr. ZHU Haoxian (朱浩賢), aged 29, was appointed as an independent non-executive Director to the Board on 4 January 2024. He is mainly responsible for providing independent judgement and supervision to the Board.

He has over 5 years of experience in film-making and playwriting. From April 2018 to April 2020, he was an independent script supervisor, screenplay writer and director. Since March 2023, he has been the executive director and general manager of Hangzhou Youshouhaoxian Culture Media Co., Ltd.* (杭州佑守浩賢文化傳媒有限公司).

Mr. Zhu Haoxian graduated from University of San Diego in August 2018 with bachelor degrees of arts and business administration and further obtained a master degree of fine arts from the New York Film Academy in September 2020.

Mr. HUANG Enze (黃恩澤) ("**Mr. Huang**"), aged 35, was appointed as an independent non-executive Director to the Board on 4 January 2024. Mr. Huang is mainly responsible for providing independent judgement and supervision to the Board.

Mr. Huang, has over 10 years of experience in senior household management services. From October 2011 to December 2013, Mr. Huang worked as the deputy general manager of Santi Group Co., Ltd.* (三替集團有限公司) (the "**Santi Group**") Beijing Branch. From January 2014 to December 2016, he worked as the general manager of Santi Group Hangzhou Hello Sales Development Co., Ltd.* (三替集團杭州你好銷售發展有限公司) (formerly known as Santi Group Hangzhou Hello Chain Development Co., Ltd.* (三替集團杭州你好連鎖發展有限公司)). Since January 2017, he has been the general manager of the Santi Group.

Mr. Huang graduated from University of Swansea in September 2011 with a bachelor degree in business administration.

Save as disclosed in this report, none of the Directors:

(i) held any other positions in the Company or other members of the Group as at the date of this report;

(ii) had any other relationship with any Directors, senior management or substantial Shareholders or Controlling Shareholders as at the date of this report;

(iii) held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the date of this report; and

(iv) have any interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the "**SFO**") or is a director or an employee of a company which has an interest or short position in the Shares and underlying shares of the Company.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, there were no other matters with respect to the appointment of the Directors that needs to be brought to the attention of the Shareholders and there were no information relating to the Directors that was required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as at the date of this report.

SENIOR MANAGEMENT

Ms. MIAO, Jianping (繆建萍) ("**Ms. Miao**"), aged 51, was the chief financial officer of the Group. Ms. Miao joined the Group in June 2020 and is primarily responsible for overseeing the financial operations of the Group. Ms. Miao has nearly 20 years of experience in the fields of finance management. From January 2004 to April 2008, Ms. Miao served as a chief financial officer in Hangzhou Zhong Qiangda Holiday Hotel Co., Ltd.* (杭州中強假日大酒店有限公司), where she was responsible for overseeing the overall financial operation. From April 2008 to August 2014, Ms. Miao was a finance controller in Hangzhou Longhill Hotel Co., Ltd.* (杭州龍禧大酒店有限公司), where she was responsible for the overseeing the overall financial operation of the company. From August 2014 to May 2020, Ms. Miao was the landlord representative and chief financial officer of Tonglu Daqishanjun Hotel Co., Ltd.* (桐廬大奇山郡酒店有限公司), where she was responsible for representing the landlord (i.e. shareholder) to assist in management and the overall financial operation of the hotel.

Ms. Miao obtained a bachelor in accounting degree through an online course from China Central Radio and Television University* (中央廣播電視大學) (currently known as The Open University of China (國家開放大學)) in July 2009. She obtained the qualification as an assistant accountant* (助理會計師) by Ministry of Finance of the People's Republic of China (中華人民共和國財政部) in May 1996.

Ms. Mao Jianping resigned as chief financial officer on 19 March 2025.

Ms. CHEN Xiaomin (陳曉敏) ("Ms. Chen"), aged 46, is the chief financial officer of the Group. Ms. Chen, aged 46, joined the Group in June 2017, mainly responsible for the Group's financial management. Ms. Chen has 25 years of experience in accounting and finance field. From May 1999 to September 2003, she worked as an accounting supervisor at Greentown Property Service Group Co., Ltd. (綠城物業服務集團有限公司) (formerly known as Zhejiang Greentown Property Management Co., Ltd.* (浙江綠城物業管理有限公司)), a subsidiary of Greentown Service Group Co. Ltd.* (綠城服務集團有限公司) (a company listed on the Stock Exchange with stock code: 2869). From March 2008 to April 2015, she worked as an accounting manager at Zhejiang Boee Property Service Co., Ltd.* (浙江保億物業服務股份有限公司). From May 2015 to June 2017, she worked as an accounting manager at Hangzhou Landai Property Management Co., Ltd.* (杭州藍戴物業管理有限公司).

Ms. Chen graduated from Xi'an Jiaotong University (西安交通大學) majoring in accounting via online learning in December 2012.

REPORT OF DIRECTORS

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the FY2024.

USE OF NET PROCEEDS FROM LISTING

Details of the use of net proceeds are set out in the paragraph headed "Management Discussion and Analysis – Use of Proceeds from the Listing and Future Plans for Material Investments or Capital Assets" on page 21 of this annual report.

PRINCIPAL BUSINESS

The Group is principally engaged in provision of property management services, value-added services to non-property owners, community value-added services and other businesses, namely hotel business in the PRC. The analysis of the Group's principal business during the Reporting Period is set out in Note 8 to the consolidated financial statements.

RESULTS

The results of the Group during the Reporting Period are set out in the consolidated statement of the profit or loss and other comprehensive income on page 111 of this annual report.

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for FY2024 (FY2023: Nil).

DIVIDEND POLICY

The Company has a dividend policy in effect. The Company may have the right to declare dividends in any currency to be paid to the Shareholders in general meeting, but no dividend may be declared in excess of the amount recommended by the Board. The Articles of Association of the Company (the "**Articles of Association**") provides that dividends may be declared and paid out of profits of the Company, realised or unrealised, or form any reserve set aside from profits which the Directors determine is no longer needed. Subject to the Shareholders' approval by way of ordinary resolution and satisfaction of a solvency test, as prescribed in the Companies Act (As Revised) of the Cayman Islands, the Company may pay dividends and distributions out of its share premium account.

The Company will declare dividends, if any, in Hong Kong dollars with respect to its shares on a per-share basis and will pay such dividends in Hong Kong dollars. The amount of dividends actually distributed to Shareholders will depend upon its earnings and financial condition, operating requirements, capital requirements and any other conditions that the Directors may deem relevant and will be subject to the approval of the Shareholders save that interim dividend may be paid by the Board if the Board is satisfied that such payment is justified by its profits.

BUSINESS REVIEW

Business review of the Group for the Reporting Period and the Group's prospects are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 6 to 11 of this annual report. The analysis of the Group during the Reporting Period using key indicators of financial performance is set out in the paragraph headed "Management Discussion and Analysis – Financial Review" on pages 11 to 19.

ENVIRONMENT POLICY AND PERFORMANCE

The Group recognises the importance of environmental protection and adopts stringent measures for environmental protection in order to ensure the compliance to the prevailing environmental protection laws and regulations.

Given the nature of operations of the Group, the Group believes it is not subject to material environmental liability risk or compliance costs.

The Environmental, Social and Governance Report of the Company is set out in the sections headed "The Environmental, Social and Governance Report" on pages 63 to 105.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Company strictly complied with the following laws and regulations which may have a significant impact on its operation: (a) the laws and regulations relating to property management services: the laws, regulations and policies relating to qualification of property management service company, appointment, fees, outsourcing and long-term rental apartment business and hotel business; and (b) other significant laws and regulations of the PRC affecting the Group's business: the laws and regulations relating to foreign investment, foreign exchange, labour and social security, social insurance and housing fund, taxation, intellectual property, environment protection and fire control.

During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years are set out on pages 4 and 5 of this annual report. This summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

During the Reporting Period, the transaction amounts of the Group's top five customers accounted for 26.9% (FY2023: 30.4%) of the Group's total revenue while the transaction amounts of the largest customer, Xingfu Jian Holdings and its subsidiaries, accounted for 17.0% (FY2023: 19.7%) of the Group's total revenue. Xingfu Jian Holdings is owned as to 99% by Mr. Yu, a controlling shareholder of the Company and father of Ms. Yu, the chairman of the Board and executive Director.

Major Suppliers

During the Reporting Period, the transaction amounts of the Group's top five suppliers accounted for 22.0% (FY2023: 24.4%) of the total purchases, i.e. less than 30% of the total purchases. The transaction amounts of the largest supplier accounted for 9.1% (FY2023: 10.5%) of the Group's total purchases.

Save as disclosed above, during the Reporting Period, none of the Directors, any of their close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the number of the issued shares of the Company) was interested in the top five customers or suppliers of the Group.

RELATIONSHIP WITH EMPLOYEES

The Company understands the importance of maintaining a good relationship with employees and providing professional development to meet their individual long-term goals. The Company will continue to effectively communicate with employees and provide various training opportunities, including on-the-job training and training courses provided by professional organisations to enhance employees' sense of belonging.

The details of employment, salaries and benefits of the Group during the Reporting Period are set out in the paragraph headed "Management Discussion and Analysis – Financial Review – Human Resources and Remuneration Policies" on page 16 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Reporting Period are set out in Note 34 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Reporting Period are set out in Note 36 to the consolidated financial statement and the consolidated statement of changes in equity on page 114 to this annual report.

RESERVES AVAILABLE FOR DISTRIBUTION

As at 31 December 2024, the reserves available for distribution of the Company (including share premium, exchange reserve and accumulated losses of the Company) amounted to RMB195.8 million.

BANK LOANS AND OTHER BORROWINGS

During the Reporting Period, save as the lease liabilities as disclosed in Note 31 to the consolidated financial statements, the Group did not have any bank loans and other borrowings.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report are as follows:

Executive Directors:

Ms. YU Yun *(Chairman of the Board)*
Mr. ZHU Yihua *(Chief executive officer)*
Mr. ZHU Congyue
Mr. ZHANG Zhenjiang

Independent Non-executive Directors:

Mr. ZHANG Jingzhong *(Resigned on 4 January 2024)*
Mr. LAU Kwok Fai Patrick *(Resigned on 4 January 2024)*
Ms. YE Qian
Mr. HUANG Enze *(Appointed on 4 January 2024)*
Mr. ZHU Haoxian *(Appointed on 4 January 2024)*

In accordance with articles 83(3) and 84(1) of the Articles of Association, Ms. YU Yun, Mr. ZHU Yihua and Mr. ZHU Congyue shall retire by rotation, and being eligible, offer themselves for re-election at the AGM.

Details of the Directors to be re-elected at the AGM are set out in the circular to be despatched the Shareholders on or around 30 April 2024.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 22 to 30 of this annual report.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of Listing Rules and the Company considers all of the independent non-executive Directors are independent during the Reporting Period.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Ms. YU Yun entered into a service contract with the Company for terms of three years from the Listing Date, subject to termination in accordance with the requirements of the service contract.

Mr. ZHU Yihua, an executive Director, entered into a service contract with the Company for a term of three years commencing from 1 March 2024.

Mr. ZHU Congyue, an executive Director, entered into a service contract with the Company for a term of three years commencing from 2 June 2023.

Mr. ZHANG Zhenjiang, an executive Director, entered into a service contract with the Company for a term of three years commencing from 4 July 2023.

Ms. YE Qian, an independent non-executive Director, entered into a letter of appointment with the Company for a term of three years commencing from 24 November 2023.

Mr. HUANG Enze, an independent non-executive Director, entered into a letter of appointment with the Company for a term of three years commencing from 4 January 2024.

Mr. ZHU Haoxian, an independent non-executive Director, entered into a letter of appointment with the Company for a term of three years commencing from 4 January 2024.

None of the Directors has a service contract or a letter of appointment with the Group which is not determinable by the Company within one year without the payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

During the Reporting Period, no Director 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, any of its subsidiaries or fellow subsidiaries was a party.

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 Reporting Period.

EMOLUMENT POLICY

The primary duties of the Remuneration Committee are to make recommendations to the Board on the remuneration policies and structure for directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies and to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration.

In determining remuneration of Directors and senior management of the Company, the Board will consider the remuneration level with reference to the skill, knowledge, involvement in the Group's affairs and performance of each Director, together with the profitability of the Company, remuneration benchmarks in the industry, and prevailing market conditions.

Details of the emoluments of the Directors, and the five highest paid individuals during the Reporting Period are set out in Note 14 to the consolidated financial statements.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Group are set out in Note 13 of the consolidated financial statements.

The Group is required to participate in a defined contribution scheme administered and operated by the local municipal governments (the "**Defined Contribution Scheme**"). The Group and its employees are required to make monthly contributions calculated at certain proportion of the employees' basic salaries to the Defined Contribution Scheme. The only obligation of the Group with respect to the Defined Contribution Scheme is to make the required contribution to the scheme. There is no forfeited contribution under the Defined Contribution Scheme available to reduce the existing level of contributions in future years.

CHANGES OF DIRECTORS AND DIRECTORS' INFORMATION

Mr. ZHANG Jingzhong and Mr. LAU Kwok Fai Patrick resigned as an independent non-executive Director, respectively, on 4 January 2024. On the same day (i.e. 4 January 2024), each of Mr. ZHU Haoxian and Mr. HUANG Enze was appointed as an independent non-executive Director.

Save as above and disclosed in the section headed "Directors and Senior Management", during the Reporting Period, there was no change to any information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

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

As at 31 December 2024, none of the Directors or chief executives of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required 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 in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be maintained 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

None of the Directors or their spouses or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right during the Reporting Period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2024, to the best knowledge of the Directors, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register of the Company required to be maintained pursuant to section 336 of the SFO:

Names	Note	**Capacity/ Nature of interest**	**Number of shares**	**Long/short position**	**Approximate percentage of shareholding in the Company**
Mr. Yu		Settlor of a trust	2,280,000,000	Long position	59.38%
CMB Wing Lung (Trustee) Limited ("**CMB Wing Lung**")	(1)	Trustee	2,280,000,000	Long position	59.38%
Success Base Group Limited ("**Success Base**")	(1)	Interest of a controlled corporation	2,280,000,000	Long position	59.38%
SUNDY HEYE LIMITED (宋都和業有限公司) ("**Sundy Heye**")	(1)	Beneficial owner	2,280,000,000	Long position	59.38%
Wang Xiangyu* (王翔宇)	(2)	Interest of a controlled corporation	340,000,000	Long position	8.85%
Shanghai Mingjin International Trade Co., Ltd.* (上海明堇國際貿易有限公司) ("**Shanghai Mingjin International**")	(2)	Interest of a controlled corporation	340,000,000	Long position	8.85%

Names	Note	Capacity/ Nature of interest	Number of shares	Long/short position	Approximate percentage of shareholding in the Company
Shanghai Mingjin New Energy Development Co., Ltd.* (上海明堇新能源開發有限公司) ("**Shanghai Mingjin New Energy**")	(2)	Interest of a controlled corporation	340,000,000	Long position	8.85%
Fuyang Mingjin New Energy Development Co., Ltd.* (阜陽明堇新能源 開發有限公司) ("**Fuyang Mingjin New Energy**")	(2)	Beneficial owner	340,000,000	Long position	8.85%
Lin Mingqing (林明清)	(3)	Interest of a controlled corporation	300,000,000	Long position	7.81%
Southeast Ming and Qing Supply Chain (Xiamen) Co., Ltd.* (東南明清供應鏈（廈門）有限公司) ("**Southeast Xiamen**")	(3)	Interest of a controlled corporation	300,000,000	Long position	7.81%
Southeast Ming Qing Supply Chain (Fuyang) Co., Ltd.* (東南明清供應鏈（阜陽）有限公司) ("**Southeast Fuyang**")	(3)	Beneficial owner	300,000,000	Long position	7.81%

Note:

(1) Sundy Heye is wholly owned by Success Base, which is indirectly wholly owned by CMB Wing Lung. CMB Wing Lung is the trustee of The Yu Jianwu's Trust, which holds the entire issued share capital in Sundy Heye through its nominee companies on trust for the benefit of Mr. Yu and his family members.

(2) Fuyang Mingjin New Energy was wholly owned by Shanghai Mingjin New Energy, which was in turn wholly owned by Shanghai Mingjin International, and Shanghai Mingjin International was owned as to 90% by Wang Xiangyu. Accordingly, Shanghai Minjin New Energy, Shanghai Mingjin International and Wang Xiangyu are therefore be deemed or taken to be interested in the Shares in which Fuyang Mingjin New Energy is interested pursuant to the SFO. As at 31 March 2025, the number of shares held by Fuyang Mingjin New Energy decreased to 307,190,000 and its approximate percentage of shareholding in the Company became 8.00%.

(3) Southeast Fuyang was wholly owned by Southeast Xiamen, which was in turn owned as to 90% by Lin Mingqing. Accordingly, Southeast Xiamen and Lin Mingqing are therefore be deemed or taken to be interested in the Shares in which Southeast Fuyang is interested pursuant to the SFO.

Save as disclosed above, as at 31 December 2024, to the best knowledge of the Directors, no any other person (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register referred to in section 336 of the SFO.

SHARE OPTION SCHEME

On 21 December 2020, the Company conditionally approved and adopted the share option scheme (the "**Share Option Scheme**"). Summary of the principal terms of the Share Option Scheme are as set out below:

The Share Option Scheme is a share incentive scheme and was established to recognise and acknowledge the contributions the eligible participants of the Share Option Scheme (the "**Eligible Participants**") had or may have made to the Group. The Share Option Scheme will provide Eligible Participants with an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long term growth of the Group; and (iii) for such purposes as the Board may approve from time to time.

The Eligible Participants include (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (ii) any directors (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries; and (iii) any advisers, consultants, suppliers, customers, agents and related entities to the Company or any of its subsidiaries.

The amount payable by the grantee of an option to the Company under the Share Option Scheme (the "**Option**") on acceptance of the offer for the grant of an Option is HK$1.00. An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an Option must be held before it can be exercised.

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

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following the Listing, being 320,000,000 Shares. The Board may renew the said limit or grant beyond the 10% limit, subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed the Listing Rules from time to time. Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time.

The subscription price of a Share in respect of any Option shall be a price as the Board in its absolute discretion shall determine, save as such price will not be less than the highest of: (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

The Company by resolution in a general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Option will be offered but Option granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme. The Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date, after which no further options will be granted or offered.

For further details of the Share Option Scheme, please refer to the paragraph headed "Statutory and General Information – D. Other information – 1. Share Option Scheme" in Appendix IV to the Prospectus.

There were no share options outstanding under the Share Option Scheme nor were any Option granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme for the period from the Listing Date to the date of this annual report.

In any event, any grant of the Options under the Share Option Scheme shall comply with Chapter 17 of the Listing Rules taking effect from 1 January 2023.

EQUITY-LINKED AGREEMENT

Save as disclosed in paragraph headed "Share Option Scheme" above, no equity-linked agreements were entered into by the Group or in existence during the Reporting Period.

PRE-EMPTIVE RIGHTS

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

NON-COMPETITION UNDERTAKING

Sundy Land Group (an associate of Mr. Yu, a Controlling Shareholder) is interested in the below entities (collectively, the "**Excluded Group**"), details of which are set out as follows:

1. Tonglu Daqishanjun Hotel Co., Ltd.* (桐廬大奇山郡酒店有限公司) ("**Tonglu Daqishanjun**")

As at 31 December 2024, Tonglu Daqishanjun is a company established under the laws of the PRC in July 2019 and jointly owned by Sundy Real Estate, a wholly-owned subsidiary of Sundy Land, and Xinchuang Real Estate Group Co., Ltd.* (信創房產集團有限公司) (formerly known as Xinhua Yuan Real Estate Group Co., Ltd.* (新華園房產集團有限公司)) (an independent third party). Tonglu Daqishanjun owned and operated Tonglu Landison Resort* (桐廬雷迪森度假酒店) ("**Landison Resort**") due to the requisite requirement of the PRC Government. Landison Resort is operated as a resort in Tonglu Daqishanjun, the business focus of which is distinct from the hotel business of the Group.

2. Zhoushan Blue County Hotel Co., Ltd.* (舟山藍郡酒店有限公司) ("**Zhoushan Blue County**")

As at 31 December 2024, Zhoushan Blue County is a wholly-owned subsidiary of Sundy Real Estate, wholly owns Holiday Inn Express Zhoushan Dinghai* (舟山定海智選假日酒店) ("**Dinghai Holiday Inn**"). Dinghai Holiday Inn established as an integral part of Zhoushan Blue County International development project* (舟山藍郡國際發展項目) by Sundy Land Group in Zhoushan, which are not likely to overlap with the target customers of the hotel business of the Group in Hangzhou.

For further details of the Excluded Group, please refer to the section headed "Relationship with Controlling Shareholders" in the Prospectus. To safeguard the Group from any potential competition from the Controlling Shareholders (as defined below), each of the Controlling Shareholders entered into the Deed of Non-competition (as defined below) in favour of the Group with details as set out below.

The Controlling Shareholders, Mr. Yu and Sundy Heye entered into a deed of non-competition (the "**Deed of Non-competition**") on 21 December 2020, pursuant to which, subject to certain exceptional circumstances, each of the Controlling Shareholders has unconditionally and irrevocably undertaken to and covenanted with the Group, among others:

(i) he/it will not, and will procure his/its close associates and/or the companies controlled by him/it (other than members of the Group) not to, directly or indirectly, either on his its own account or in conjunction with or on behalf of any person, firm or company, partnership, joint venture, or other contractual arrangement, among other things whether directly or indirectly, for profit or not, carry on, participate or be engaged in, invest in, acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise and whether for interest, return or otherwise) or provide any form of assistance to any business which is or may be similar to or in competition with the business carried on or contemplated to be carried on by any member of the Group from time to time, including but not limited to the provision of property management services, value-added services to non-property owners, community value-added services and long-term rental apartment business (the "**Restricted Business**");

(ii) if he/it and/or any of his/its close associates has received, is offered or has identified any business investment or other business opportunity that competes or may compete, directly or indirectly, with the Restricted Business (the "**New Business Opportunity**"), he/it and/or any of his/its close associates shall (1) immediately give a notice in writing to the Company in respect of such New Business Opportunity, setting out all reasonably necessary information for the Group to make an informed assessment; and (2) use his/its/their best efforts to assist the Company in acquiring such New Business Opportunity at terms and conditions no less favourable than those available to him/it and/or his/its close associates;

(iii) neither he/it nor any of his/its close associates, directly or indirectly, carries out, participates or is engaged in, invests in, acquires or holds (in each case whether as a shareholder, director, partner, agent, employee or otherwise and whether for interest, return or otherwise) or is otherwise involved (other than through the Group) in the Restricted Business; and

(iv) for so long as he/it or any of his/its close associates, either alone or as a whole, remains the Controlling Shareholder or a Director: (1) he/it will not participate in, carry on or invest in any project or business opportunity that competes or may compete, directly or indirectly, with the business conducted by the Group from time to time; (2) he/it will, in accordance with the Articles of Association and the Listing Rules, declare his/its interests and, where required, abstain from voting at any board meeting and/or general meeting of the Company and not be counted as quorum where required, if there is any actual or potential conflict of interests; (3) he/it and his/its close associates (other than the Group) will not solicit any existing or then existing employee of the Group; (4) without the consent of the Company, he/it will not use any information pertaining to the business of the Group which may have come to his/its knowledge in his/its capacity as the Controlling Shareholder and/or a Director for any purposes; and (5) he/it will procure his/its close associates (other than the Group) not to participate in, carry on or invest in any project or business opportunity mentioned above.

For further details of the Deed of Non-competition, please refer to the section headed "Relationship with Controlling Shareholders" in the Prospectus.

The Controlling Shareholders confirmed that they and their close associates have complied with the Deed of Non-competition during the Reporting Period. The independent non-executive Directors have conducted such review during the Reporting Period and also reviewed the relevant undertakings and are satisfied that the Deed of Non-competition has been fully complied with.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or their associates had any interest in any business which directly or indirectly compete or may compete with the businesses of the Group during the Reporting Period.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in paragraph headed "Continuing Connected Transactions" and Note 41 to the consolidated financial statements in this annual report, no Controlling Shareholder or any of its subsidiaries had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party or any contracts of significance for the provision of services to the Company or any of its subsidiaries during the Reporting Period.

CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the Group has entered into certain continuing connected transactions subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

Connected persons

(i) Sundy Land was principally engaged in property development and sales of properties. It was owned as to approximately 29.04% by Hangzhou Xingfu Jian Holdings (Mr. Yu owns 99% equity), approximately 9.74% by Mr. Yu and approximately 4.51% by Ms. Guo Yijuan (郭軼娟) ("**Ms. Guo**"), spouse of Mr. Yu. Therefore, Sundy Land is an associate of Mr. Yu, hence a connected person of the Company. Sundy Real Estate is a wholly-owned subsidiary of Sundy Land, hence a connected person of the Company.

(ii) Zhejiang Zhizhonghe Industry Co., Ltd.* (浙江致中和實業有限公司) ("**Zhizhonghe Industry**") was principally engaged in manufacturing and sales of food and beverage, in particular, alcohol, Chinese herbal jelly (龜苓膏) and Chinese herbal tea (涼茶). It was wholly owned by Hangzhou Heye Investment Management Co., Ltd.* (杭州和業投資管理有限公司) ("**Heye Investment**"), a company owned as to 99.9% by Xingfu Jian Holdings, (Mr. Yu owns 99% equity). Therefore, Zhizhonghe Industry was an associate of Mr. Yu, hence a connected person of the Company.

On 20 December 2022, Xingfu Jian Holdings had disposed of its approximately 99.9% equity interests in Heye Investment to an independent third party, i.e., Hangzhou Hechu Enterprise Management Co., Ltd.* (杭州和儲企業管理有限公司) ("**Hechu Enterprise Management**") and Zhizhonghe Industry ceased to be a connected person of the Company. Mr. Wu Yaohua (吳耀華) and Ms. Yu Aiwen (俞愛文) holds 90% and 10% of equity interests of Hechu Enterprise Management, respectively.

On 22 November 2023, Mr. Yu, Mr. Wu Yaohua (吳耀華) and Ms. Yu Aiwen (俞愛文) agreed that Mr. Wu Yaohua (吳耀華) and Ms. Yu Aiwen (俞愛文) will hold the entire equity interests of Hechu Enterprise Management for and on behalf of Mr. Yu. As such, Mr. Yu has control over Hechu Enterprise Management by virtue of his control of the exercise of its entire equity interest of the voting rights at general meeting. Therefore, Zhizhonghe is an associate of a connected person of the Company, and thus a connected person of the Company.

(iii) Hangzhou Sundy Yangguang Kindergarten Co., Ltd.* (杭州宋都陽光幼兒園有限公司) ("**Sundy Yangguang Kindergarten**") was principally engaged in the provision of preschool education service. It was indirectly owned as to 40% by Zhejiang Heqi Supply Chain Management Co., Ltd.* (浙江和琪供應鏈管理有限公司), a company owned as to 100% by Xingfu Jian Holdings. Therefore, Sundy Yangguang Kindergarten is an associate of Mr. Yu, hence a connected person of the Company.

1. Lease

Master Lease Agreement with Sundy Land Group

On 21 December 2020, the Company entered into a master property lease agreement (the "**Master Lease Agreement**") with Sundy Land, pursuant to which the Group shall lease from Sundy Land Group certain premises for hotel use for a term commencing from the Listing Date until 31 December 2022, and at any time either party may give not less than three months' prior written notice to terminate the Master Lease Agreement.

On 31 October 2022, the Company entered into a new master lease agreement (the "**New Master Lease Agreement**") with Sundy Land, pursuant to which the Group shall continue to lease from Sundy Land Group certain premises for hotel use for a term of three years commencing on 1 January 2023 and expiring on 31 December 2025 (both days inclusive) and at any time either party thereto may give not less than three months' prior written notice to terminate the New Master Lease Agreement.

The Directors estimated that the maximum annual rental fee payable under the Master Lease Agreement for the year ended 31 December 2024 would not exceed RMB4.90 million. The actual transaction amount for the year ended 31 December 2024 was RMB4.55 million. The annual caps of the continuing connected transactions contemplated under the New Master Lease Agreement for the year ending 31 December 2025 is RMB5.10 million.

Details of the New Master Lease Agreement are set out in the announcement of the Company dated 31 October 2022.

2. Property management transactions

Master Property Management Agreement with Sundy Land Group

On 21 December 2020, the Company entered into a master property management agreement (the "**Master Property Management Agreement**") with Sundy Land, pursuant to which the Group agreed to provide property management services, including but not limited to security, cleaning, gardening, repair and maintenance of common areas and common facilities and ancillary services, to the properties developed or owned by Sundy Land Group for a term commencing from the Listing Date until 31 December 2022, and at any time either party may give the other party not less than three months' prior written notice to terminate the Master Property Management Agreement.

On 16 November 2021, the Company further entered into a supplemental property management agreement (the "**Supplemental Property Management Agreement**") to revise the annual caps pursuant to the Master Property Management Agreement for the year ended 31 December 2022. The Supplemental Property Management Agreement and the transactions contemplated thereunder (including the revised annual caps in relation thereto) have been approved by the independent Shareholders at the extraordinary general meeting of the Company held on 31 December 2021 according to the requirements of the Listing Rules.

On 31 October 2022, the Company entered into a new master property management agreement (the "**New Master Property Management Agreement**") with Sundy Land, pursuant to which the Group shall continue to provide property management services, including but not limited to security, cleaning, gardening, repair and maintenance of common areas and common facilities and ancillary services, to the properties developed or owned by Sundy Land Group for a term of three years commencing on 1 January 2023 and expiring on 31 December 2025 (both days inclusive) and at any time either party thereto may give not less than three months' prior written notice to terminate the New Master Property Management Agreement. The transactions were approved by the shareholders at the extraordinary general meeting held on 15 December 2022.

The Directors estimated that the maximum service fee payable by Sundy Land Group to the Group under the New Master Property Management Agreement for year ended 31 December 2024 would not exceed RMB32.0 million.

Master Property Management Agreement with Zhizhonghe Group

On 21 December 2020, the Company entered into a master property management agreement (the "**Zhizhonghe Master Agreement**") with Zhizhonghe Industry, pursuant to which the Group agreed to provide property management services, including but not limited to security, cleaning, gardening, repair and maintenance of common areas and common facilities and ancillary services, to the properties owned or operated by Zhizhonghe Industry and its subsidiaries (collectively, "**Zhizhonghe Group**") for a term commencing from the Listing Date until 31 December 2022, and at any time either party may give the other party not less than three months' prior written notice to terminate the Zhizhonghe Master Agreement.

On 31 October 2022, the Company entered into a new Zhizhonghe master agreement (the "**New Zhizhonghe Master Agreement**") with Zhizhonghe Industry, pursuant to which the Group shall continue to provide property management services, including but not limited to security, cleaning, gardening, repair and maintenance of common areas and common facilities and ancillary services, to the properties owned or operated by Zhizhonghe Group for a term of three years commencing on 1 January 2023 and expiring on 31 December 2025 (both days inclusive) and at any time either party thereto may give not less than three months' prior written notice to terminate the New Zhizhonghe Master Agreement. The transactions were approved by the shareholders at the extraordinary general meeting held on 15 December 2022.

The Directors estimated that the maximum service fee payable by Zhizhonghe Group to the Group under the Zhizhonghe Master Agreement for year ended 31 December 2024 would not exceed RMB2 million.

Master Property Management Agreement with Sundy Yangguang Kindergarten

On 21 December 2020, the Company entered into a master property management agreement (the "**Yangguang Master Agreement**", together with Master Property Management Agreement, Supplemental Property Management Agreement and Zhizhonghe Master Agreement, the "**Property Management Agreements**") with Sundy Yangguang Kindergarten, pursuant to which the Group agreed to provide property management services, including but not limited to security, cleaning, gardening, repair and maintenance of common areas and common facilities and ancillary services, to the properties operated by Sundy Yangguang Kindergarten for a term commencing from the Listing Date until 31 December 2022, and at any time either party may give the other party not less than three months' prior written notice to terminate the Yangguang Master Agreement.

On 31 October 2022, the Company entered into a new Yangguang master agreement (the "**New Yangguang Master Agreement**", together with the New Master Property Management Agreement and the New Zhizhonghe Master Agreement, the "**New Property Management Agreements**") with Sundy Yangguang Kindergarten, pursuant to which the Group shall continue to provide property management services, including but not limited to security, cleaning, gardening, repair and maintenance of common areas and common facilities and ancillary services, to the properties operated by Sundy Yangguang Kindergarten for a term of three years commencing on 1 January 2023 and expiring on 31 December 2025 (both days inclusive) and at any time either party thereto may give not less than three months' prior written notice to terminate the New Yangguang Master Agreement. The transactions were approved by the shareholders at the extraordinary general meeting held on 15 December 2022.

The Directors estimated that the maximum service fee payable by Sundy Yangguang Kindergarten to the Group under the Yangguang Master Agreement for year ended 31 December 2024 would not exceed RMB90,000.

Details of the New Property Management Agreements are set out in the announcement of the Company dated 31 October 2022 and the circular of the Company dated 24 November 2022.

The annual caps under the different agreements under the Property Management Agreements and the corresponding audited actual transaction amount for the year ended 31 December 2024 were as follow:

	For the year ended 31 December 2024	
	Annual Caps RMB'000	Audited Transaction Amount RMB'000
New Master Property Management Agreement	**32,000**	**22,748**
New Zhizhonghe Master Agreement	**2,000**	**43**
New Yangguang Master Agreement	**90**	**86**
Total	**34,090**	**22,877**

The proposed annual caps under the New Property Management Agreements for the year ending 31 December 2025 is set out below:

	Proposed annual caps for the year ending 31 December 2025 RMB'000
New Master Property Management Agreement	**34,000**
New Zhizhonghe Master Agreement	**2,000**
New Yangguang Master Agreement	**90**
Aggregated annual cap	**36,090**

3. Value-added services and other businesses transactions

Master Service Agreement with Sundy Land Group

On 21 December 2020, the Company entered into a master service agreement (the "**Master Service Agreement**") with Sundy Land, pursuant to which the Group agreed to provide (i) value-added services to non-property owners, including but not limited to consulting services, sale assistance services and pre-delivery services; (ii) community value-added services, including but not limited to property repair and maintenance, waste cleaning, utility fee collection, remodelling and decoration and community space services; and (iii) other services, including but not limited to provision of conferencing and meeting spaces for rental by corporate clients at properties developed or owned by Sundy Land Group or provision of accommodation to the employees of members of Sundy Land Group (where applicable), for a term commencing from the Listing Date until 31 December 2022, and at any time either party may give the other party not less than three months' prior written notice to terminate the Master Service Agreement.

On 16 November 2021, the Company further entered into a supplemental service agreement (the "**Supplemental Service Agreement**") to revise the annual caps for the provision of value-added services to non-property owners and the aggregated annual caps pursuant to the Master Service Agreement for the year ended 31 December 2022. The Supplemental Service Agreement and the transactions contemplated thereunder (including the revised annual caps and revised aggregated annual caps in relation thereto) have been approved by the independent Shareholders at the extraordinary general meeting of the Company held on 31 December 2021 according to the requirements of the Listing Rules.

On 31 October 2022, the Company entered into the new master service agreement (the "**New Master Service Agreement**") with Sundy Land, pursuant to which the Group shall continue to provide (i) value-added services to non-property owners, including but not limited to consulting services, sale assistance services and pre-delivery services; (ii) community value-added services, including but not limited to property repair and maintenance, waste cleaning, utility fee collection, remodelling and decoration and community space services; and (iii) other services, including but not limited to provision of conferencing and meeting spaces for rental by corporate clients at properties developed or owned by Sundy Land Group or provision of accommodation to the employees of members of Sundy Land Group (where applicable) for a term of three years commencing on 1 January 2023 and expiring on 31 December 2025 (both days inclusive) and at any time either party thereto may give not less than three months' prior written notice to terminate the New Master Service Agreement. The transactions were approved by the shareholders at the extraordinary general meeting held on 15 December 2022.

The Directors estimated that the maximum service fee payable by Sundy Land Group to the Group under the New Master Service Agreement for the year ended 31 December 2024 would not exceed RMB35 million.

Details of the New Master Service Agreement are set out in the announcement of the Company dated 31 October 2022 and the circular of the Company dated 24 November 2022.

The annual caps of the different business segments under the Master Service Agreement (as amended by the Supplemental Service Agreement) and the corresponding audited actual transaction amount for the year ended 31 December 2024 are as follow:

	For the year ended 31 December 2024	
	Annual Caps RMB'000	Audited Transaction Amount RMB'000
Value-added services to non-property owners	**35,000**	**6,264**
Community value-added services	**5,000**	**688**
Other business	**200**	**–**
Total	**40,200**	**6,952**

The proposed annual caps of value-added services to non-property owners, community value-added services and other services under the New Master Service Agreement for the one year ending 31 December 2025 is set out below:

	Proposed annual caps for the year ending 31 December 2025 RMB'000
Value-added services to non-property owners	**35,000**
Community value-added services	**6,000**
Other services	**200**
Total	**41,200**

The independent non-executive Directors have confirmed that the continuing connected transactions are in accordance with Rule 14A.55 of the Listing Rules. Specifically, the independent non-executive Directors have reviewed the continuing connected transactions and have confirmed that the continuing connected transactions entered into by the Group were in the ordinary and usual course of its business, on normal commercial terms or on terms no less favourable than those available to or from independent third parties, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the Shareholders as a whole.

The Board confirms that the Company has complied with the applicable disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of each of the connected transactions and continuing connected transactions set out above.

Details of material related party transactions entered into by the Group are set out in Note 41 to the consolidated financial statements. Except for those described in this paragraph of "Continuing Connected Transactions" above, in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with, none of those related party transactions constitutes a discloseable connected transaction as defined under the Listing Rules.

The Auditor has confirmed that each of the Group's continuing connected transactions are in accordance with Rule 14A.56 of the Listing Rules where nothing has come to its attention that causes it to believe that the said continued connected transactions:

(i) have not been approved by the Board;

(ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by 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 caps as stipulated in the relevant agreements governing the transactions.

The Auditor has issued an assurance report of each of the said transactions containing their findings and conclusions accordingly.

MATERIAL LEGAL PROCEEDINGS

During the Reporting Period, the Company was not involved in any material legal proceeding or arbitration. To the best knowledge of the Directors, there is no material legal proceeding or claim which is pending or threatened against the Company.

PERMITTED INDEMNITY PROVISIONS

Under the Articles of Association, every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Company's listed securities.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the Reporting Period are set out in the paragraph headed "Management Discussion and Analysis – Events after the Reporting Period" on page 20 and Note 44 to the consolidated financial statements.

AUDIT COMMITTEE

The Audit Committee had, together with the Company's management and representative(s) of the external auditors of the Company, Crowe (HK) CPA Limited reviewed the annual results and the accounting policies and practices adopted by the Group, and discussed matters in relation to audit, risk management, internal control and financial statements, including reviewing the Group's consolidated financial statements for the year ended 31 December 2024.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high level of corporate governance practices. Information about the corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 51 to 62 in this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules and at least 25% of the Company's entire issued share capital were held by the public as at the date of this annual report.

AUDITOR

On 7 January 2022, KPMG resigned as the auditors of the Company because the Company and KPMG could not reach an agreement on the audit fee for the year ended 31 December 2021. With the recommendation from the Audit Committee, the Board has resolved to appoint Zhonghui Anda as the auditors of the Company with effect from 7 January 2022 to fill the vacancy occasioned by the resignation of KPMG.

On 6 August 2024, the Company has received a letter of resignation and professional clearance letter both dated 30 July 2024 from ZHONGHUI ANDA CPA Limited ("**Zhonghui Anda**") on 30 July 2024 and 5 August 2024, respectively. Zhonghui Anda has stated in their resignation letter that, with effect from 30 July 2024, they decided to tender their resignation as auditor of the Company as the Company and Zhonghui Anda cannot reach an agreement on the audit fee for FY2024. With the recommendation of the Audit Committee, the Board has resolved to appoint Crowe (HK) CPA Limited ("**Crowe**") as the new auditor of the Company with effect from 6 August 2024 to fill the casual vacancy following the resignation of Zhonghui Anda and to hold office until the conclusion of the next annual general meeting of the Company. Crowe was reappointed as the auditor of the Company at the annual general meeting of the Company held on 29 August 2024.

There has been no other change in auditors of the Company in the past three years. The auditor is subject to retirement and, being eligible, offers itself for re-appointment at the forthcoming AGM. A resolution for reappointment of Crowe as the auditor will be proposed at the AGM.

By Order of the Board
YU Yun
Chairman and executive Director

Hangzhou, 31 March 2025

* The English name is for identification purpose only.

** Certain amount and percentage figure included in this report have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for FY2024.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance and achieving good corporate governance by an effective Board, segregation of duties with clear accountability, sound internal controls and risk management procedures and transparency to Shareholders in order to safeguard the interests of Shareholders and to enhance corporate value and accountability.

The Company has adopted the CG Code and Corporate Governance Report contained in the CG Code as its own corporate governance code.

The Company has complied with all applicable code provisions under the CG Code during the Reporting Period. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

BOARD OF DIRECTORS

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees, including the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

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 its Shareholders at all times.

COMPOSITION OF THE BOARD OF DIRECTORS

As at the date of this annual report, the Board comprised four executive Directors and three independent non-executive Directors as set out below:

Executive Directors:

Ms. YU Yun *(Chairman)*
Mr. ZHU Yihua *(Chief executive officer)*
Mr. ZHU Congyue
Mr. ZHANG Zhenjiang

Independent Non-executive Directors:

Ms. YE Qian
Mr. HUANG Enze
Mr. ZHU Haoxian

The biographies of the Directors are set out in section headed “Directors and Senior Management” in this annual report.

During the Reporting Period, the Board has, at all times, met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive Directors representing one-third of the Board. Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

None of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executive of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Nomination Committee and the Remuneration Committee.

As regards the code provision under the CG Code requiring directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

CONTINUOUS PROFESSIONAL DEVELOPMENT

All newly appointed Directors would be provided with necessary induction and information to ensure that they have a proper understanding of the Company's operations and businesses as well as their responsibilities under relevant statutes, laws, rules and regulations. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

The Company encourages continuous professional development training for all the Directors to develop and refresh their knowledge and skills. The joint company secretaries of the Company also update and provide the Directors with written training materials in relation to their roles, functions and duties from time to time.

During the Reporting Period, all Directors, namely Ms. Yu Yun, Mr. Zhu Yihua, Mr. Zhu Congyue, Mr. Zhang Zhenjiang, Ms. Ye Qian, Mr. Huang Enze and Mr. Zhu Haoxian confirmed that they have complied with code provision C.1.4 of the CG Code on Directors' training. All Directors have participated in continuous professional development by reading materials or participating in courses, seminars and online debriefs regarding taxation, compliance, and global economic development to develop and refresh their knowledge.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman of the Board and chief executive officer should be separate and should not be performed by the same individual. For FY2024, the chairman of the Board is Ms. YU Yun, being an executive Director and Mr. ZHU Yihua is the Group's chief executive officer, being an executive Director. The positions of the chairman and chief executive officer are held by separate individuals so as to maintain an effective segregation of duties.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Directors are subject to retirement by rotation and re-election at each annual general meeting of the Company in accordance with Article 84 of the Articles of Association. Appointed as an addition to the Board or to fill a casual vacancy on the Board will be subject to re-election by the Shareholders at the forthcoming annual general meeting or the first general meeting of the Company respectively after the appointment. In addition, when an independent non-executive Director proposed for re-election has served the Company for more than nine years, his/her re-election will be subject to a separate resolution to be approved at the annual general meeting.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board's structure, size and composition, and for making recommendations to the Board on the appointment, re-election and succession planning of Directors.

BOARD MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year. Notices of no less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board meetings and the Board Committee meetings, reasonable notice is generally given by the Company. The agenda and accompanying Board papers are dispatched at least three days before the Board meetings or the Board Committee meetings to ensure that the Directors have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or 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 prior to the meeting. Minutes of meetings shall be kept by the company secretary with copies circulated to all Directors for information and records.

Minutes of the Board meetings and the 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. Draft minutes of each Board meeting and Board Committee meeting are/will be sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by all Directors.

During the Reporting Period, ten Board meetings and three general meetings were held. The attendance of each Director at the Board meetings is set out in the table below:

Name of Directors	Attended/Eligible to attend the board meetings	Attend/Eligible to attend the general meetings
Ms. YU Yun *(Chairman)*	10/10	3/3
Mr. ZHU Yihua	10/10	3/3
Mr. ZHU Congyue	10/10	3/3
Mr. ZHANG Zhenjiang	10/10	3/3
Mr. ZHANG Jingzhong[1]	0/10	0/3
Mr. LAU Kwok Fai Patrick[2]	0/10	0/3
Ms. YE Qian	10/10	3/3
Mr. HUANG Enze[3]	10/10	3/3
Mr. ZHU Haoxian[4]	10/10	3/3

Note:

1. Mr. ZHANG Jingzhong resigned as an independent non-executive Director on 4 January 2024.

2. Mr. LAU Kwok Fai Patrick resigned as an independent non-executive Director on 4 January 2024.

3. Mr. HUANG Enze was appointed as an independent non-executive Director on 4 January 2024.

4. Mr. ZHU Haoxian was appointed as an independent non-executive Director on 4 January 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. The Company will periodically issue notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results. Specific enquiry has been made to all the Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

DELEGATION BY THE BOARD

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense. Directors are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code. The Board has reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code and written employee guidelines, and the Company's compliance with the CG Code and disclosure in this section.

BOARD COMMITTEES

Audit Committee

During the Reporting Period, the Audit Committee comprises three members, all being independent non-executive Directors, namely Mr. LAU Kwok Fai Patrick (Chairman) (resigned on 4 January 2024), Mr. ZHANG Jingzhong (resigned on 4 January 2024), Ms. YE Qian, Mr. ZHU Haoxian (appointed on 4 January 2024) and Mr. HUANG Enze (appointed on 4 January 2024). Ms. YE Qian, the chairman of the Audit Committee, has the professional qualifications, accounting and related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The terms of reference of the Audit Committee are in compliance with the code provision D.3.3 of the CG Code. During the Reporting Period, the Audit Committee has fulfilled its main responsibilities including to review the interim and annual results, review and supervise the financial reporting system, risk management and internal control systems of the Group, evaluate the effectiveness of the internal audit function, oversee its audit process and perform other duties and responsibilities as assigned by the Board.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, the Audit Committee held three meetings and the attendance record of the Audit Committee is set out in the table below:

Name of Directors	Attendance/ number of meeting held
Mr. LAU Kwok Fai Patrick	0/0
Mr. ZHANG Jingzhong	0/0
Ms. YE Qian	3/3
Mr. ZHU Haoxian	3/3
Mr. HUANG Enze	3/3

Remuneration Committee

During the Reporting Period, the Remuneration Committee comprises three members, all being independent non-executive Directors, namely Mr. ZHANG Jingzhong (Chairman) (resigned on 4 January 2024), Mr. LAU Kwok Fai Patrick (resigned on 4 January 2024), Ms. YE Qian, Mr. ZHU Haoxian (appointed on 4 January 2024) and Mr. HUANG Enze (appointed on 4 January 2024).

The terms of reference of the Remuneration Committee are in compliance with the code provision of E.1.2 of the CG Code. During the Reporting Period, the Remuneration Committee has fulfilled its main responsibilities including to establish and review the policy and structure of the remuneration for the Directors and senior management, make recommendations on employee benefit arrangement, review the terms of executive Director's service contracts, make recommendations to the Board on the remuneration packages of individual executive Directors and senior management and review and/or approve matters related to share schemes under Chapter 17 of the Listing Rules.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, the Remuneration Committee held one meeting, mainly to review and make recommendation to the Board on the remuneration policy and the remuneration packages of the executive Directors and the attendance record of the Audit Committee is set out in the table below:

Name of Directors	Attendance/ number of meeting held
Mr. ZHANG Jingzhong	0/0
Mr. LAU Kwok Fai Patrick	0/0
Ms. YE Qian	1/1
Mr. ZHU Haoxian *(Chairman)*	1/1
Mr. HUANG Enze	1/1

Nomination Committee

During the Reporting Period, the Nomination Committee currently comprises four members including three independent non-executive Directors namely Mr. ZHANG Jingzhong (resigned on 4 January 2024), Mr. ZHU Haoxian (appointed on 4 January 2024) and Mr. HUANG Enze (appointed on 4 January 2024), Ms. YE Qian and Mr. LAU Kwok Fai Patrick (resigned on 4 January 2024) as well as the executive Director and Chairman of the Board, Ms. YU Yun (Chairman).

The terms of reference of the Nomination Committee are in compliance with the code provision of B.3.1 of the CG Code. During the Reporting Period, the Nomination Committee has fulfilled its main responsibilities including to review the structure, size and composition of the Board and make recommendations to the Board on appointment, re-election and succession planning of Directors.

The recommendations of the Nomination Committee will then be put to the Board for decision.

The written terms of reference and the details of duties of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, the Nomination Committee held one meeting, mainly to make recommendations to the Board on the appointment and resignation of Directors and the attendance record of the Nomination Committee is set out in the table below:

Name of directors	Attendance/ number of meetings held
Ms. YU Yun *(Chairman)*	1/1
Mr. LAU Kwok Fai Patrick	0/0
Mr. ZHANG Jingzhong	0/0
Ms. YE Qian	1/1
Mr. ZHU Haoxian	1/1
Mr. HUANG Enze	1/1

BOARD DIVERSITY POLICY

The Board remains committed to enhance its operating efficiency and maintain high standards of corporate governance on a continuing basis and recognises the vital importance of the diversity of the Board with regard to the maintenance of competitive advantage and sustainable development. Therefore, the Company has adopted a board diversity policy. In designing the composition of the Board, the Company has taken into account the diversity of the Board, including but not limited to gender, age, cultural and educational background, professional experience, technical and professional skills and/or qualifications, knowledge, length of service and time to be devoted as a Director. The Company will consider its own business model and special needs from time to time as well. The ultimate decision will be made based on the contribution and merit that the selected candidates bring to the Board.

The Board strives to ensure the appropriate balance of skills, experience and diversity of perspectives that are essential for the implementation of its business strategies of the Board and the effective operation of the Board. Up to the date of this annual report, the Board comprises seven members including two female Directors and five male Directors. The ages of the Directors range from 29 to 62. Their industry experience covers such a wide range of fields such as real estate, investment and financing, accounting and auditing, film making and geological exploration. The Directors believe that the composition of the Board reflects the necessary diversity, whether considered in terms of gender, professional knowledge, skills and experience, and is appropriate to the requirements of the business development and effective leadership of the Group. The Directors are of the opinion that the present structure of the Board can ensure the independence and objectivity of the Board and provide a system of checks and balances to safeguard the interests of the Shareholders and the Company. Given that the Board considers it has already reached gender diversity, as at the date of this annual report, the Board has not set any numerical targets and timelines for achieving gender diversity on the Board. The Nomination Committee has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain a high standard of operation. The Board is mindful of the objectives for the factors as set out in the diversity policy for assessing the candidacy of the Board members and will ensure that any successors to the Board shall follow the diversity policy.

In addition to the Board level, the Company promotes gender diversity in all levels of its employees. 235 of its 435 employees (including senior management) as at 31 December 2024 are female, which represented 54.0% of total number of employees. While the Company will continue to search for potential candidates or develop abilities of employees for addition to the Board or senior management, the Company deemed this gender ratio adequate and appropriate. As such, the Board has not specified any quotas or similar measurable objectives for achieving gender diversity, rather the focus is on identifying the right person for the right role whilst taking into account diversity in a range of areas, including gender.

The Company aims to maintain an appropriate balance of diverse perspectives that are relevant to the Company's business growth. The Company is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered. The Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption. In particular, the Nomination Committee will identify and make recommendations to the Board to implement programs that will assist in the development of a broader and more diverse pool of skilled and experienced employees that, in time, will prepare them for Board positions.

REMUNERATION OF DIRECTORS

The Company has made full disclosure of remunerations of Directors by name, amount and type in Note 14 to the consolidated financial statements. No Director has waived or agreed to waive any emoluments during the Reporting Period.

REMUNERATION OF SENIOR MANAGEMENT

The remuneration of senior management of the Company for the year ended 31 December 2024 falls under the following table:

Band of Remuneration	Number
Nil-RMB1,000,000	4
Over RMB1,000,000	–

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group during the Reporting Period, which give a true and fair view of the affairs of the Company and the Group, and present a balanced, clear and comprehensive assessment of the Group's performance and prospects.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Group's financial statements, which are put to the Board for approval.

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

The statement by the Auditor regarding its reporting responsibilities on the consolidated financial statement of the Company is set out in the Independent Auditor's Report on pages 106 to 110 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility to ensure that sound risk management and internal control system is established and maintained within the Group, as well as its responsibility to review its effectiveness. Such system aims to manage and reduce the business risks faced by the Group to an acceptable extent, but not eliminating the risks of failure to achieve business objectives. Moreover, it can only provide reasonable, and not absolute, assurance against material misstatement, loss or fraud.

The Board has authorised the Audit Committee to take charge of the on-going monitoring of the Group's risk management and internal control system annually, as well as the annual review of its effectiveness. Such review covers all material control aspects during each financial year, including financial control, operation control, and compliance control.

The Group's internal control system includes a well-established organisational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to individual department which is accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments of the department's business and implementation of the policies and strategies set by the Board on a regular basis. All departments conduct internal control assessment annually to identify potential risks that may impact the business operation of the Group. Self-evaluation has been conducted by checking key operational and financial processes, regulatory compliance, and information security.

The Group does not have an internal audit department. The Board and the Audit Committee have reviewed the need for an internal audit function and consider it more cost-effective to appoint external independent professionals to independently review and continuously evaluate the Group's internal monitoring systems and risk management systems, taking into account the size and nature of the Group. The Board will review the need for an internal audit function at least once a year.

The Group has established and oversees a whistleblower policy and a set of comprehensive procedures whereby employees, customers, suppliers and other concerned parties can report any actual or suspected occurrence of improper conduct involving the Company, and for such matters to be investigated and dealt with efficiently in an appropriate and transparent manner.

The Group has also set up an anti-corruption policy which sets out the principles and guidelines for the Company to promote and support anti-corruption laws and regulations, which sets out the basic standard of conduct which applies to all Directors and employees of the Company at all levels and external parties doing business with the Company and those acting in an agency or fiduciary capacity on behalf of the Company (e.g. agents, consultants and contractors). It also provides guidance to all employees on, among other matters, acceptance of advantage and handling of conflict of interest when dealing with the Company's business.

The Company has adopted an inside information policy (the "**Inside Information Policy**") in accordance with the SFO and the Listing Rules to ensure the confidentiality of handling inside information and the publication of respective disclosure to the public as soon as practicable. The Company will make corresponding information disclosure timely with regard to information that is unlikely to maintain confidentiality, so as to ensure effective protection of the rights and interests of investors and stakeholders. In addition, only the Directors and delegated officers can act as the Group's spokesperson and respond to external enquiries about the Group's affairs. No incident of non-compliance of the procedure, and internal controls as set out in the Inside Information Policy was noted by the Company during the Reporting Period.

During FY2024, the Board has reviewed the effectiveness of the Group's internal control and risk management systems to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. Accordingly, the Company considers the systems are effective and adequate. The review covered all material controls, including financial, operational and compliance controls and risk management functions. The management of the Company actively monitors the regional economy, trend of property management services industry, reliance on continuing connected transactions and changes in applicable laws and regulations, and assesses income and expenditure and absorptive capacity of business expansions. The recommendations submitted by independent consultant have been accepted by the Company and implemented in stages, to further enhance the policies, procedures and practices of its internal control and risk management.

AUDITOR'S REMUNERATION

During FY2024, the remuneration paid or payable to the Auditor are set out as follows:

	2024 **RMB (Million)**	2023 RMB (Million)
Audit service	**1.40**	1.57
Non-audit service		
– Agreed upon procedures of interim review	**0.30**	0.30
– Other non-audit services	**0**	0.25[Note]

Note: The other non-audit services comprised the preparation of the comfort letters in connection with the working capital sufficiency and statement of indebtedness for the inclusion of the circulars of the Company dated 23 February 2023.

COMPANY SECRETARY

In order to uphold good corporate governance and ensure compliance with the Listing Rules and the applicable Hong Kong laws, the Company engaged Ms. ZHANG Qisi (resigned on 19 March 2025), Ms. XU Xiaoli (appointed on 19 March 2025) and Mr. TSANG Ho Yin as joint company secretaries, primarily responsible for the corporate secretarial matters of the Company.

During the Reporting Period, the Company was informed by its joint company secretaries that they have complied with the requirement of 15 hours of relevant professional training of the company secretary as set out in Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information on the Company for the Shareholders and investors to make informed investment decisions.

The annual general meeting of the Company provides opportunity for Shareholders to communicate directly with the Directors. The chairman of the Board and the chairman of the Board Committees attend the annual general meeting to answer Shareholders' questions. The Auditor also attends the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

To promote effective communication and to build an inter-relationship and communication channel between the Company and the Shareholders, the Company adopts a Shareholders' communication policy and maintains a website at http://songduwuye.com, where announcements, annual reports and interim reports of the Company, as well as the up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. The Company also maintains an email ir9608@songduwuye.com, which provides a communication platform for Shareholders and investors.

The Board reviewed the implementations and effectiveness of the shareholders communication policy during the Reporting Period. After review, the Board considered that the shareholders communication policy remained effective and was properly implemented given that the multiple channels of communication were in place during the Reporting Period.

SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Also, the Shareholders have the right to put enquiries to the Board. All enquiries should be sent in writing by post to the principal place of business of the Company in Hong Kong or the headquarters and principal place of business in the PRC.

CONVENING AN EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

According to the Articles of Association, the Shareholders may put forward proposals at the general meeting of the Company for consideration. Any one or more member(s) of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company to require an extraordinary general meeting to be convened by the Company for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to convene such general meeting shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

CONSTITUTIONAL DOCUMENTS

There was no change to the the memorandum of association of the Company and Articles of Association during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THE REPORT

Introduction

This report is the fifth environmental, social and governance ("**ESG**") report (the "**Report**") released by the Company. Adhering to the principles of materiality, quantitative, balance and consistency, it comprehensively illustrates the Company's management approach and work performance in respect of the environment, society and governance during the Reporting Period, and discusses the matters concerned by the stakeholders. Unless otherwise stated, the information presented in the Report represents the performance of the Company for the Reporting Period.

Scope of the Report

The scope of the Report focuses on the Group's principal business, which includes property management services, value-added services to non-property owners, community value-added services and other businesses, namely hotel business and long-term rental apartment business. The reporting scope of the Report was identified with reference to their ESG materiality to the Group, its principal businesses and major revenue sources. Unless specified otherwise, the ESG key performance indicator ("**KPI**") data is gathered and included under the Group's operational control mechanism. The Group will continue to extend the scope of disclosures as its data collection system and sustainable strategies further evolve.

There was no change to the reporting scope compared to the previous reporting period.

Basis and principles of the Report

The Report was prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") under Appendix C2 to the Listing Rules.

The Report followed the ESG Reporting Guide and applied the following principles:

Materiality: In order to identify and assess the material concerns of our stakeholders, we have conducted materiality assessment surveys through a number of stakeholders engagement activities to determine the factors that have material impacts on our sustainable growth.

Quantitative: The quantitative principle applies to all information in this Report. All performance indicators are provided with clear definition and the unit measurement is clearly stated.

Balance: The information and cases in the Report are from the statistical reports, relevant documents and internal communication documents of the Group during the Reporting Period.

Consistency: We have followed the ESG Reporting Guide in reporting. If there are any changes to the methodologies adopted in previous reports, the Group will add annotations to the corresponding contents of the Report to allow for meaningful comparisons of ESG data.

The Board provides oversight on matters relating to ESG by evaluating, prioritising and managing ESG-related issues that are material to the Group, and monitors the progress made towards its goals and targets.

Publication method

The Chinese and English versions of the Report can be downloaded from the website of the Stock Exchange (http://www.hkexnews.hk) and the Group's website (http://www.songduwuye.com/). For any comments or suggestions on the ESG performance of the Group, please email to ir9608@songduwuye.com.

Approval of the Report

The Report has been approved by the Board on 31 March 2025 and the Board is fully responsible for the contents of the Report.

2. SUSTAINABLE DEVELOPMENT MANAGEMENT

Sustainable development is the goal and the strategic principle covering all business sections of the Group. The Group is devoted to keeping a high level of sustainability in business operations, and promoting sustainable development in terms of corporate governance, environmental protection, labour rights and community development.

2.1 Statement of the Board

The Board puts great emphasis on the Group's ESG strategies and ESG-related internal control. To achieve the sustainable development management of ESG, the Board is fully responsible for the Group's sustainable works and assumes responsibility for the overall direction of the ESG strategies, initiatives and guidelines of the Group. The Board supervises the progress in the implementation of ESG-related issues and goals and indexes through accessing, prioritizing and managing ESG related issues that are important to the Group.

As the supervisory and management level of the Company, the Audit Committee is responsible for monitoring and reviewing the Group's ESG issues, supervising and managing the formation of ESG objectives and achievement of key performance indexes, monitoring and supervising the Company's communications with stakeholders, reviewing ESG report according to Listing Rules, and making recommendations to the Board annually.

2.2 ESG Management Structure

As the highest governance body of the Group on ESG issues, the Board is in charge of approving the Group's ESG management principles, strategies and annual goals. The content of the Report is reviewed and approved by the Board annually.

The Group has set up an ESG working group (the "**ESG Working Group**"), which includes core employees from functional departments. The ESG Working Group is authorised by the Board and responsible for assessing and determining whether the Group's ESG risk management and internal control are effective, coordinating and promoting functional departments to implement ESG policies, monitoring the ESG works. As for communication with stakeholders, the ESG Working Group assists the Board to collect and respond to stakeholders' opinions on ESG matters. The Report is prepared by the ESG Working Group.

The Group will improve the ESG management structure to satisfy stakeholders' need and implement the ESG governance in the Group's daily management.

2.3 Communication with stakeholders

The ESG stakeholders of the Group mainly include investors, customers, employees, governments, suppliers and communities. Improving communication with stakeholders is the intrinsic requirement on the Group to fulfill its responsibilities to its stakeholders and is an important step for the Group to become a company with extensive social influence, and a key measure to optimise the Group's service system.

Stakeholders	Appeals and expectations	Communications and engagement mechanism	Corporate responses
Investors	• Boost the market value and profitability of the Company • Improve the performance of environmental and social responsibility • Exercise the effective risk control	General meeting of stockholders, information disclosure and the Company's website	• Release periodic results and financial reports • Regularly disclose operation and investment information, endeavour to improve results and generate profits • Advance corporate governance and risk management level, convene general meetings, enhance investor relations management and strive to improve environmental and social responsibility management

Stakeholders	Appeals and expectations	Communications and engagement mechanism	Corporate responses
Customers	• Provide high-quality products and services • Safeguard customers' legitimate rights and interests • Meet customers' demands • Deal with customers' complaints	Enter into contracts and agreements, customer satisfaction investigation and customers' service hotline	• Surveys on customer satisfaction • Customer relationship management • Customer visits and communication • National 400 service hotline • Cultural community activities
Employees	• Protect employee salary and benefits • Care for safety and health of employees • Offer fair promotion and development opportunities • Improve communication mechanism	Labour contracts and employee satisfaction investigation	• Strictly abide by labour contract terms, and improve the remuneration and social benefit system • Offer safe and healthy working environment • Offer development paths for both position and function and organise staff training • Offer equal channels of communication and implement negotiation and communications mechanism
Governments	• Observe the law, operate in compliance with the regulations and in line with national policies • Engage in public governance	Engage in government related meetings	• Operate in accordance with the laws and regulations • Tax return • Report of policy implementation
Suppliers	• Fair and impartial cooperation with integrity, mutual benefits and win-win results to promote industry development • Perform contracts in compliance with law • Adhere to business ethics	Sign contracts and agreements, and regularly hold tender and bidding and supplier meetings	• Actively perform contracts and agreements by adhering to public and transparent business principles • Implement a public and transparent procurement model • Develop an accountable supply chain

Stakeholders	Appeals and expectations	Communications and engagement mechanism	Corporate responses
Communities	• Support public welfare affairs • Insist on green operation • Support community and socio-economic development	Organise cultural community activities, advocate and carry out charitable activities	• Carry out and devote to public welfare affairs • Support and engage in protecting ecological environment • Engage in poverty alleviation and students' aid

3. IDENTIFICATION OF MATERIAL ISSUES

In order to evaluate the stakeholders' concerns and expectations of the Group on ESG issues, we evaluated the importance of ESG issues through the following steps:

1) Identification of ESG issues

Based on the business features of the Group, national policies and the disclosure requirements of ESG Reporting Guide, we have identified 21 key ESG issues covering the environment, employment, products and services, communities, and corporate governance.

2) Stakeholders investigation

Through questionnaires and surveys, we have collected comments and suggestions from the Group's stakeholders on the importance of the issues in order to further identify the key ESG issues of the Group.

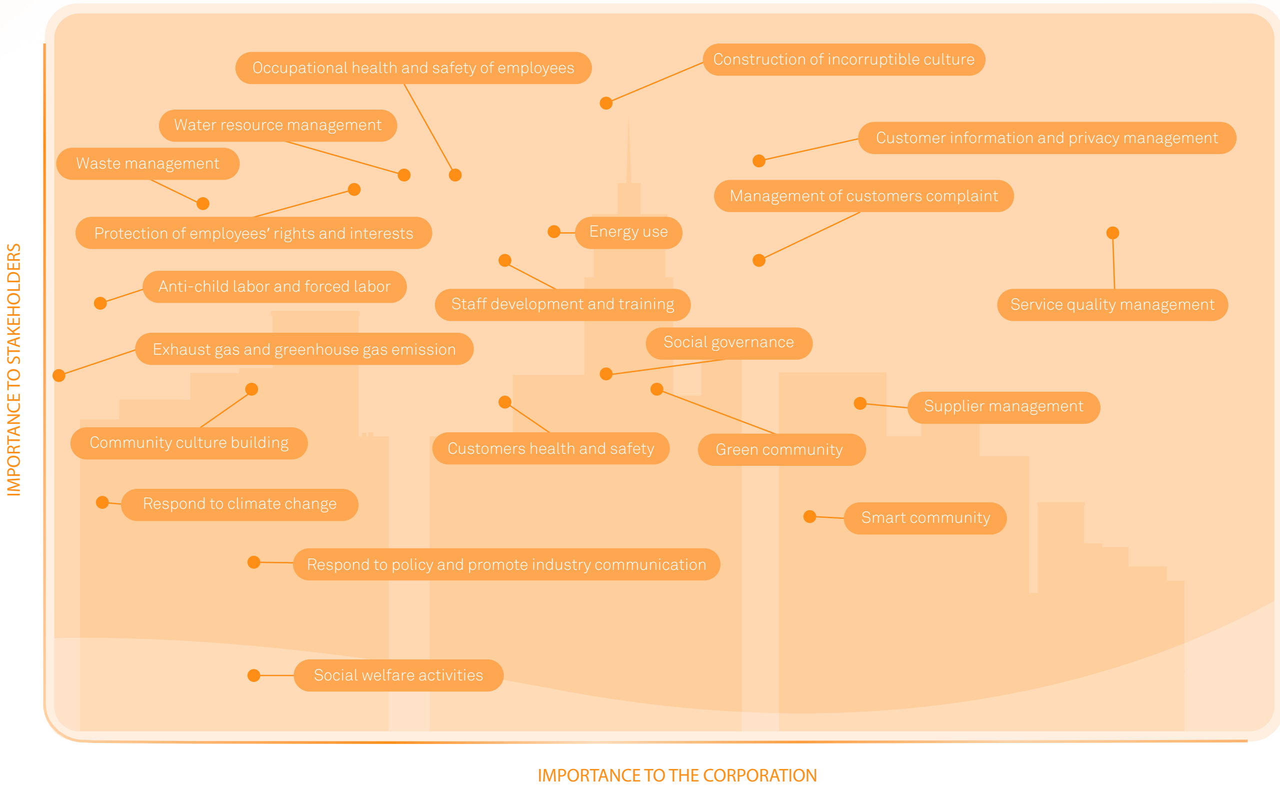
3) Management evaluation

Based on analysis on priority in the Group's annual business, we have sought comments and suggestions from the management and evaluated the importance of such issues to the Company.

4) Identifying the priority of ESG issues

Based on two perspectives of "importance to the corporation" and "importance to stakeholders", we have identified the priority of 21 ESG issues, which were presented in the following matrix diagram. The assessment results were used as the focus of ESG report disclosure and an important basis of the Group to formulate its ESG strategies in the future.

During the Reporting Period, the results of the ESG assessment of the Group were as follows:



4. ENERGY SAVING, ENVIRONMENTAL PROTECTION AND GREEN DEVELOPMENT

The Group deeply implements green development concepts with an attitude of being responsible for society. We strictly abide by the Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution and other relevant laws and regulations and pay attention to the impacts of our own operating activities on the environment. During our routine operation, we publicise garbage classification and recycling, energy saving and environmental protection and continuously emphasise the importance of environmental protection to enhance the awareness of the Group on environmental protection.

4.1 Emissions Control and Disposal in Compliance with Regulation

Air Pollutant Emissions

The Group's air pollutant emissions are mainly generated from the consumption of fuels in the operation of vehicles during the daily operation. During the Reporting Period, the categories and emission data of the pollutants of the Group are set out below:

Air emissions	Unit	2024
Oxynitride (NOx)	g	**2,345.3**
Oxysulfide (SOx)	g	**52.5**
Particulate matter (PM)	g	**172.0**

Greenhouse Gas Emission

The Group was not involved in the consumption of natural gas, petrol for business vehicles during the Reporting Period. The Group's direct greenhouse gas emissions (Scope 1) are mainly generated from the consumption of various fuels in the operation of vehicles while the indirect greenhouse gas emissions (Scope 2) are mainly from the use of electricity in office and other working places.

The table below sets forth the total emissions and emission intensity of greenhouse gas of the Group for the Reporting Period:

Greenhouse Gas Emissions	Unit	2024
Direct greenhouse gas emission (Scope 1)	Tons of carbon dioxide equivalent	**8.4**
Indirect greenhouse gas emission (Scope 2)	Tons of carbon dioxide equivalent	**732.4**
Total greenhouse gas emission	Tons of carbon dioxide equivalent	**740.9**
Intensity of greenhouse gas emission	Tons of carbon dioxide equivalent/ revenue of RMB million	**2.83**

Electricity consumption is the main source of indirect greenhouse gas emission of the Group. In order to reduce and manage energy consumption efficiently, we encourage employees to reduce energy consumption by turning off office devices when they are not in use, making use of natural lighting in clear weather and turning off air conditioners when the temperature is appropriate.

The Group was not involved in violation of regulations with significant effects on the Group in terms of emissions during the Reporting Period.

Waste Management

The Group follows regulations on environmental protection, actively responds to the policies of national and local policies on garbage classification and publicises garbage classification, collection and recycling.

During the service process, we mainly collect wastes by four categories, including kitchen waste containers (green), recyclable waste containers (blue), toxic and hazardous waste containers (red) and other waste containers (grey) or waste containers (yellow) based on local requirements. All waste containers are posted with guide pictures for the corresponding category to remind residents to correctly classify garbage. The classified waste is regularly cleared by professional clearing companies.

Office waste from routine operation refers to unrecyclable waste from production and operation (including living). We classify the office waste into hazardous waste, recyclable waste and unrecyclable waste.

a. Hazardous waste: Inflammable, explosive and radioactive waste with kinds of hazards to the environment and personal safety.

b. Recyclable waste: Waste with recyclable value for other groups and individuals other than the Group.

c. Unrecyclable waste: Waste with no recyclable value for any groups and individuals.

For toxic and hazardous solid waste generated from the office of the Group, namely hazardous waste on the Directory of National Hazardous Wastes or those recognised as hazardous based on the identification standards and methods on hazardous wastes under national regulations, such as waste batteries, waste asbestos, waste fluorescent tubes, solvent buckets, cans and bottles, we require our employees to throw them into hazardous waste containers. The toxic and hazardous wastes generated during the Group's operation are waste toner cartridges and waste ink boxes in a small amount, which are recycled by qualified recyclers, with less impact on the environment. Therefore, total hazardous waste produced is not disclosed in the Report. For recyclable waste, they are regularly disposed of by the waste disposal agent based on the quantity. Meanwhile, we encourage double-sided printing to save the use of paper. For unrecyclable waste, we place them into other waste containers or entrust the waste disposal agent to clear them based on the quantity.

To reduce office waste, we carry out publicity in office areas, tea rooms, bulletin boards and other notable locations to enhance the awareness of employees on garbage classification. We arrange tutors on garbage classification, establish the "container leader" system and determine the responsibilities of individuals to provide guidance to employees on waste classification and promote mutual supervision and promotion among employees.

Due to business characteristics of the Group, non-hazardous waste generated by the Group's operations and by customers/owners are collected and processed by the local municipal departments, and the Group is unable to separately measure the non-hazardous waste generated by the Group's operations. Therefore, total nonhazardous waste produced is not disclosed in the Report.

Wastewater management

The Group mainly provides services to residential projects. It has to pass the environmental appraisal opinions of governmental authorities during the design of commodity houses. Drainage pipes are not allowed for mixed discharge of rainwater and sewage and they should be discharged through separate pipes. A license on the discharge of urban sewage into drainage pipeline shall be obtained. It shall update the license on the discharge of sewage after the expiry of the license.

城镇污水排入排水管网许可证

杭州宋都物业经营管理有限公司（宋都时间国际）

根据《城镇排水与污水处理条例》（中华人民共和国国务院令第641号）以及《城镇污水排入排水管网许可管理办法》（2015年1月22日住房和城乡建设部令第21号发布，根据2022年12月1日住房和城乡建设部令第56号修正）的规定，经审查，准予在许可范围内（详见副本）向城镇排水设施排放污水。

特发此证。

有效期：自 2024 年 11月 14日

至 2029 年 11月 13日

许可证编号：浙杭综执上排字第 V00334 号

发证单位

2024 年 11 月 14 日

中华人民共和国住房和城乡建设部监制 浙江省住房和城乡建设厅印制

5. RESOURCES SAVING AND LOW-CARBON OPERATION

The Group strives to practise green development concepts and strictly abides by the Law of the People's Republic of China on Energy Conservation and other relevant laws and regulations. The Group has established the quality, environment and occupational health management system in 2008 and consistently upgrades the management system based on environmental factors and external requirements. We always maintain compliant operation of systems, latest management systems and normalised compliant obligations and requirements of laws and regulations. We consistently emphasise the leadership, focus on property owners' concerns, establish three-level management and control documents, set up organisational structure, specify the working responsibilities and boundaries of the corresponding departments and require all departments and subsidiaries and regions to put the service quality first and carry out household services. We always start from the concerns of property owners and practically solve the problems of property owners.

The Group actively responds to national policies on energy saving and emissions reduction and takes the requirements as set out therein as the energy use efficiency target to reduce consumption from the source. Based on relevant requirements of the Ministry of Housing and Urban-Rural Development (MOHURD), the property construction companies adopt energy-saving and thermal insulation materials and conduct enclosure design on the main structure of commodity houses and heat water resources with solar energy or air source heat pumps to meet the daily demands of property owners. Upon the approval of projects under management, we proposed reasonable suggestions on corresponding designs on energy consumption, such as the divisional design on lighting and the adoption of LED light, to achieve the purpose of reducing energy consumption from the source.

Set out below is the summary of the total energy consumption of the Group during the Reporting Period, which was mainly used in offering public services for property owners:

	Unit	2024
Petroleum Gas	ton	**2.86**
Purchased Electricity	MWh	**1,584.5**

The water resources consumed by the Group are from municipal pipelines and it has no problem in sourcing water. Set out below is the summary of total water consumption of the Group during the Reporting Period, which was mainly used in providing public services:

	Unit	2024
Water Consumption	Cubic metre	**59,743.4**
	Cubic metre/revenue of RMB million	**241.4**

We attach importance to the saving and efficient utilisation of water resources during the service process. We mainly publicise water saving in major places for water sourcing, such as having reminders on saving water in public washrooms. Toilets and urinals are installed with press switches or inductive switches to save water resources.

During the Reporting Period, the total paper consumption of the Group which are mainly generated from offices of the operations in the PRC are set out below:

	Unit	2024
Paper Consumption	kg	**1,542**

Further, we put forward energy saving and consumption reduction requirements for air conditioning and office consumables and establish relevant management systems, further strengthening the employees' green environmental awareness, and creating a good green office environment.

- Normalization of energy-saving office measures
  - ✓ Specifying the temperature of air conditioning to reduce inefficient energy consumption
  - ✓ Promoting paperless-unless-necessary office, and using recycled paper to print and copy
  - ✓ Replacing with energy-saving lamps in office areas
- Standardised green office management
  - ✓ Regularly checking office and business sites
  - ✓ Formulating reward and punishment mechanisms to conduct proper penalties for violations (public notification of criticism, etc.)
  - ✓ Formulating written guidance on specific matters of green office

The Group was not involved in violation of regulations with significant effects on the Group in terms of emissions during the Reporting Period.

In the future, we will:

✓ consistently pay attention to the Law of the People's Republic of China on Energy Conservation, the Environmental Protection Law of the People's Republic of China and other relevant requirements and dynamics recently released by the MOHURD and local competent authorities; and

✓ enhance the publicity of green and environmental protection and energy saving, actively create a green and energy-saving environmental protection atmosphere and create a working and living environment advocating "save more, waste less".

Due to the nature of the Group's businesses, packaging materials are not involved in the daily operation. Therefore, total packaging material used for finished products is not applicable.

5.1 Actively respond to climate change

The Group is devoted to effectively managing and responding to risks on climate change in operation and formulating corresponding procedures on responding to emergencies on extreme weather and other physical risks. In case of extreme weather, the Quality Management Department of the Group arranges employees to release reminders and notes to property owners and actively carries out safety inspections on public facilities and equipment and carries out structural reinforcement, thermal insulation, cooling and other corresponding measures to prepare for emergencies based on the alarm and information released by national and local meteorological departments and governments as well as reports of local mainstream media. In addition, based on actual conditions on extreme weather, the Group initiates the corresponding handling measures based on the Procedures for Emergency Preparation and Response Control to minimise any potential losses.

For natural disasters caused by climate change, the Group carries out the following work:

■ Conventional prevention and control

We learn from previous experience on climate change, regularly carrying out material inventory and facility safety check, and taking emergency measures for materials procurement, anti-skid, anti-freeze and heat preservation in major areas and key points in advance;

■ Dedicated personnel for early warning

A dedicated personnel of administrative department shall pay attention to climate change warning and issue tips and precautions to owners at the first opportunity;

■ Unified deployment

When a natural disaster is imminent, regional companies shall conduct the unified deployment, issue emergency management notices, carry out risk measures in an orderly manner in response to the actual situation according to Emergency Preparation and Response Control Procedure, and report the relevant situation to the Company in a timely manner.

6. TALENT RECRUITMENT AND COMMON GROWTH

The Group strictly abides by the Civil Code of the People's Republic of China, the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Social Security Law of the People's Republic of China and other relevant laws and regulations of the state and gradually improves the human resources systems and management systems of the Group. We fully guarantee the legitimate interests of employees, distribute employees' remuneration with sufficient amount on time and contribute to social insurance and housing provident funds in a timely manner.

6.1 Equal Employment with rights protection

The Group strictly abides by the Civil Code of the People's Republic of China, the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, the Provisions on Prohibition of Child Labour and other relevant laws and regulations and has established relevant management systems on the employment of staff, such as the Administrative System on Employee Relationship, the Administrative System on Job Changes of Employees and the Administrative Measures for Talent Recommendation. We reject the employment of minors under 18 years old during the recruitment and abide by strict examination procedures to ensure the recruitment process complies with laws and regulations.

The Group has a total of 435 employees during the Reporting Period, including 200 male employees and 235 female employees, and all of them are full-time employees. The Group employed no part-time employees. Meanwhile, among the full-time employees, 2 are physically challenged, and no ethnic minorities are employed. During the Reporting Period, the Group had 3 interns and none of them was retained. The turnover rate of male and female employees of the Group is 30.0% and 36.1%, respectively. The turnover rate of employees below 30 years old, 30-50 years old and above 50 years old is 16.1%, 24.7% and 5.2%, respectively.

The composition of employees is shown in the figures below:

		2024
Gender (person)	Male	**200**
	Female	**235**
Age Distribution of Employee (person)	Below 30	**80**
	30-50	**291**
	Above 50	**64**
Level Distribution of Employees (person)	Senior management	**17**
	Middle management	**90**
	Junior management	**76**
	Ordinary employees	**252**
Position Distribution of Employees (person)	Repairing	**79**
	Customer services	**152**
	Cleaning and greening	**3**
	Security services	**2**
	Others	**199**
Working Age Distribution of Employees (person)	Within 1 year	**90**
	1-3 years	**176**
	3-5 years	**94**
	5-10 years	**63**
	Above 10 years	**12**
Geographical Distribution of Employees (person)	Zhejiang	**171**
	Anhui	**101**
	Jiangsu	**41**
	Other regions	**122**
Turnover rate (%)	Male	**27.02%**
	Female	**28.74%**
	Zhejiang	**24.21%**
	Anhui	**27.06%**
	Jiangsu	**29.33%**
	Other regions	**32.46%**
	Below 30	**12.15%**
	30-50	**28.16%**
	Above 50	**7.34%**

6.2 Remuneration mechanism

In accordance with relevant laws and regulations and following the basic principles of "one precondition", "two fairness" and "three matching", the Group has set out specific standards on the salary, bonus, welfare and other remunerations of employees. We pay monthly salary to our employees and distribute quarterly/annual performance-based bonuses based on their performance appraisal. Meanwhile, in order to stimulate and attract outstanding talents and access to external talent markets, improve the attractiveness of the Group to key talents and enhance the competitiveness of the Group in the talent market, we make exceptions to the regular position-based remuneration when we formulate the remuneration for employees who made outstanding contributions to the Group and individuals with extraordinary talent.

The Group puts people first and provides employees with effective care and guarantees. We endeavour to protect the remuneration, working hours, equal opportunities, diversity and anti-discrimination of employees, adhere to equal remuneration for equal work and equality of male and female employees, prohibit the employment of child labours and eliminate forced labour. We also make sure equal employment opportunities and labour guarantees for employees with different nationalities, races, genders, religions and cultural background. In terms of holidays and working hours, the Group abides by national laws and regulations of the PRC and compensates employees with overtime pays or leaves in case of working overtime.

6.3 Promotion Channels

The Group implements the Administrative System on Job Changes of Employees and other relevant rules. The promotion of employees shall meet the following conditions:

- Outstanding professional ethics, sense of responsibility and dedication as well as strong desire for success;
- Strong learning ability and problem-solving ability;
- Outstanding team spirit and influence on others; and
- Outstanding individual working ability and work output;

During the Reporting Period, 15 employees were promoted as middle management members through internal promotion.

In the future, the Group will:

- Continuously improve the management of talents pools and carry out the reserve and development of talent pools.

- Conduct normal debriefing reviews. We will arrange three parties' (human resources, superiors and business staff) debriefing reviews on employees having been promoted and becoming full-time employees and adjust the positions of disqualified employees on time.

The Group will also normalise the reporting review through 360 degree full dimension assessment mechanism. We shall carry out three-party (human resources, superiors, business) reporting review for promotion and regular staff quarterly, and adjust position in time for unqualified personnel.

6.4 Anti-Child Labour and Forced Labour

In accordance with the Law of the People's Republic of China on the Protection of Minors, the Provisions on Prohibition of Child Labour and other laws and regulations of the PRC, the Group prohibits the employment of minors below 18 years old. We follow strict review procedures in recruitment, including verifying the identity cards and relevant valid certificates of applicants and background investigation on applicants to avoid misuse or use of information by mistakes. During the Reporting Period, the Group recorded no employment of child labour and other violations of laws and regulations.

If child labour or forced labour is found, we will stop his/her work immediately and carry out an investigation to identify the loophole, then implement remedial measures to prevent such incident from happening again.

During the Reporting Period, the Group recorded no labour disputes arising from the violation of laws and regulations or the employment of child labour or forced labour.

7. DEVELOPMENT AND TRAINING

7.1 Promoting employees' growth through trainings and development

During the Reporting Period, the Group gradually improved the training management system and formulated plans on induction tutoring on new employees, the establishment of lecturers team and the building of course base. It continuously developed trainings to meet the demand for diversified and hierarchical trainings as well as employees' demands for self-development. It has established training systems and structures and occupational development plans on employees with the characteristics of the Group from points to lines and planes.

7.2 In Service Project Manager Training Camp

Training for project managers in our group. The 2024 Project Manager Training Camp will be conducted in the form of offline centralized training with over 10 courses and more than 20 class hours. This training camp has launched a benchmark project visit course, which allows trainees to find specific methods and measures to improve the quality of self-management projects and create project highlights through benchmark project visits, inspections, and the production and release of research reports.

The training camp activities aim to strengthen the management philosophy and practical management skills of the project management team through training and empowerment, promote the efficiency improvement of the project management team, improve the construction of the company's talent pool, and continuously enhance and enrich the management and coordination capabilities of the project management team.

7.3 Standardization System Implementation Training

Training on engineering, order, environment, and customer service systems for our group. The group focuses on integrating business flow, workflow, and learning flow, emphasizing practical operations of grassroots employees in various lines, organizing large-scale training exercises in various lines, and ultimately improving the business skills of each line. By recording videos on the implementation of standardized systems for engineering, order, environment, and customer service lines, and organizing centralized learning and joint discussions for each project, we integrate business SOPs with actual work, repeatedly practice, learn, and test to enhance our business capabilities.

Training indicators		Data for 2024
Percentage of trained employees by gender (%)	Total number of male employees trained (person)	200
	Total number of female employees trained (person)	235
	Percentage of trained male employees (%)	100%
	Percentage of trained female employees (%)	100%
Percentage of trained employees by function (%)	Total number of senior management members trained (person)	17
	Total number of junior and middle management members trained (person)	166
	Total number of grass-roots employees trained (person)	252
	Percentage of senior management members trained (%)	100%
	Percentage of junior and middle management members trained (%)	100%
	Percentage of grass-roots employees trained (%)	100%
Average trained hours of employees	Average trained hours of male employees (hour)	22.08
	Average trained hours of female employees (hour)	22.08
	Average trained hours of senior management members (hour)	19.5
	Average trained hours of junior and middle management members (hour)	22.19
	Average trained hours of grass-roots employees (hour)	22.19

During the Reporting Period, we also carried out:

7.4 courses held for the new employees. To help new employees understand and be familiar with the development history, corporate culture and common rules and systems of the Group, enhance their sense of belonging and recognition and better implementation of the instructions of the Group, we have held courses for new employees. By participating in the courses, new employees were able to quickly familiarise with each other and be integrated into the corporate environment through games, funny questions and accessing the websites;

7.5 trainings on the corporate culture of the Group. To help new employees understand and be familiar with the development history, corporate culture and common rules and systems of the Group, enhance their sense of belonging and recognition and better implementation of the instructions of the Group, we have held course for new employees. New and old employees reviewed the development history of the Group through on-site listening and developed a better knowledge on the corporate missions, development visions, values and other core cultural concepts.

In the future, our training plan and goals are as follows:

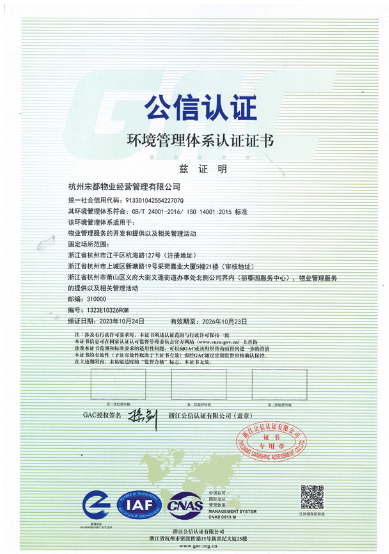
Establish a systematic corporate culture training system. By carrying out a variety of corporate culture characteristic activities, the classroom will be moved from the classroom to actual business scenarios, combined with the group's strategy and the actual operational development needs of the project. In the four quarters of 2025, we will launch 30th anniversary hiking activities, benchmark project growth records, corporate culture awareness competitions, and launch corporate culture readers such as "Song Reading" on the occasion of the anniversary celebration, so that organizations and employees at all levels can deeply understand and practice the company's corporate culture.

Establish a training and development system for employees in various lines. By developing basic courseware to enhance the abilities of employees in project engineering, order, environment, and customer service, the courseware focuses on actual business work scenarios, solving core job tasks, and integrating project operation cases. It uses the daily working language of employees, with project managers as course instructors and benchmark employees in each line as material sources. It recruits excellent course instructors for each course and continuously enriches the course content during the actual teaching process. The training and development system of employees in each line is truly urbanized, localized, and project-based.

8. CARING ABOUT HEALTH AND SAFETY

8.1 Providing a safe working environment

The Group attaches great importance to the health and safety of the employees in the workplace. Our Group has obtained the International Quality Management System Certification for Occupational Healthy and Safety Management. In accordance with the Civil Law of the People's Republic of China, Fire Control Law of the People's Republic of China, Occupational Disease Prevention Law of the People's Republic of China, and other relevant laws and regulations, we have formulated a comprehensive administrative system and related systems in the aspects of employee health and safety, mainly including occupational safety education, entry examination, annual health examination, safety accident emergency management, etc. Meanwhile, in summer, we distribute allowances for high temperature to employees as an expression of gratitude to work under high temperature. We also distribute summer drinks, green bean soup and other cool drinks to the front-line staff. We provide employees with cotton overcoats, cotton gloves and heaters in winter.


公信认证
环境管理体系认证证书
兹 证 明
杭州宋都物业经营管理有限公司
统一社会信用代码：91330104255422707Q
其环境管理体系符合：GB/T 24001-2016/ ISO 14001:2015 标准
该环境管理体系适用于：
物业管理服务的开发和提供以及相关管理活动
固定场所范围：
浙江省杭州市江干区杭海路127号（注册地址）
浙江省杭州市上城区新塘路19号采荷嘉业大厦5幢21楼（审核地址）
浙江省杭州市萧山区义府大街义蓬街道办事处北侧公司界内（丽郡园服务中心），物业管理服务的提供以及相关管理活动
邮编：310000
编号：1323E10326R0M
颁证日期：2023年10月24日 有效期至：2026年10月23日
注：涉及有行政许可要求时，本证书所述认证范围与行政许可保持一致
本证书信息可在国家认证认可监督管理委员会官方网站（www.cnca.gov.cn）上查询
涉及本证书范围和标准要求的适用性问题，可以向GAC或该组织咨询而得到进一步的澄清
本证书的有效性（子证有效性取决于主证书有效）需经GAC通过定期监督审核确认保持。
在上述期限内，未粘贴适时的"监督合格"标志，本证书无效。
GAC授权签名 浙江公信认证有限公司（盖章）

Based on the nature of the Group's work, employees are involved in occupational safety-related knowledge to varying degrees in their daily work. We have established relevant systems on the prevention of work related injuries of employees. We enhance the occupational safety skills of employees through safety education, trainings on standard working procedures of project employees and other means and set out strict requirements on holding the work permits for operations, with details set out below:

- repairing and maintenance companies shall have business licenses and qualification certificates;
- for construction and repairing, working staff shall hold the work permits for operation;
- professional responsible persons shall be arranged on site;
- operators of repairing service plans shall hold aerial work permits and wear safety helmets and belts in aerial operation;
- special employees shall be arranged for operation with fire;
- employees shall hold the work permits for welding operation;
- elevator maintenance employees shall hold the work permits for operation;
- service quality and standards meet regulations or industrial standards;
- providing safety education for employees before taking positions and regularly organising safety trainings on employees; and
- conducting irregular safety inspections.

During the Reporting Period, the Group recorded no violation of regulations related to working environment and employee health and safety.

The Group had no work-related fatalities reported for the years ended 31 December 2021, 2022 and 2023 and the Reporting Period. Nevertheless, there were 68 working days lost due to work injury during the Reporting Period.

To improve employees' happiness, the Group actively organised employees to participate in cultural and sports activities organised by local labour unions, and regularly carried out corporate culture activities in the enterprise. During the Reporting Period, we have carried out heart-warming activities covering various festivals, including traditional handmade activities for Dragon Boat Festival and Mid-Autumn Festival, Women's Day Care Activities, in order to care for employees' physical and mental health with practical actions.

9. INTELLIGENT MANAGEMENT AND SINCERE SERVICES

9.1 Improving Service Quality

On 27 December 2023, the National Development and Reform Commission (NDRC) issued the Catalogue for Guiding Industrial Restructuring (2024 Edition), and the property service industry has been adjusted from the previous categorization of "Encouraged – Other Services" to "Encouraged – Business Services", which further clarifies the position and nature of the industry and demonstrates continued strong support from the national government for the property sector.

Based on the principles of people-oriented and service-oriented, the Group formulated the standardisation documents of property service quality management, including Management Standards for Cleaning Service, Management Standards for Greening Service, Management Standards for Customer Service, Security Service Management, etc. The Group strengthened service characteristics and quality control through the standardisation of documents.

For the quality management of services, the Group conducts quality inspections on the quality of services on a quarterly basis and requires to rectify problems within the accepted prescribed period for rectification. Meanwhile, we conduct inspections on projects under management through independent third parties and issue corresponding investigation reports. We will solve targeted quality issues of services and guarantee the stable output of the quality of services. We require adopting mobile technology systems on the communities in maintaining records on routine inspections, customer service and reception, patrolling in the communities, accident and repairing reporting and other matters. We also monitor the quality of services through the 400 service hotline, handle and conduct call-backs on issues raised by property owners, irregularly inspect the service attitude of employees and point out their deficiencies to rectify and prevent them. We improve the service quality through focusing on prevention with regulation as ancillary means, routine tutoring, control of nodes as well as other measures.

In the future, the Group will improve our service quality through the following measures:

- establish customer service groups, regularly conduct customer visits and provide familial services;

- reinforce and solidify basic service measures, carry out updating and iteration of services and products and provide functional services; and

- expand communication channels with customers and vigorously promote the official WeChat account of the Group besides the 400 customer hotline and smoothen online and offline communication platforms.

In terms of the protection of intellectual property rights, the Group attaches importance to the protection of the benefits of relevant owners of intellectual property rights. We are mainly involved in the protection of intellectual property rights on office software. We procure office software for our daily office through official channels and strictly abide by relevant laws and regulations for their use in compliance with relevant laws and regulations.

For the protection of property owners' privacy, the Group strictly abides by the Law of the People's Republic of China on the Protection of Rights and Interests of Consumers, the Cybersecurity Law of the People's Republic of China and other relevant laws and regulations. We have established the information management system, specifying the requirements on the privacy of property owners and the legal right to investigate the individual illegal activities in the system. We establish separate archives on property owners and set up a special archive room with special responsible persons. Anyone who needs to check the information on property owners has to register before entering the archive room. Computers with customers' archives and information require passwords and are under the professional protection of users. The Group implements an accountability system and it shall report to the general manager room for approval for copying, photocopying and borrowing property owners' information. For the change of property owners' information, the principal responsible person shall initiate the procedures and go through approvals level by level to the general manager room. The change shall be conducted by special employees and the front-line employees from projects under management shall have no right to change arbitrarily.

In the future, we will install surveillance cameras at the reception area and supervise and regulate the standard operation of working employees on the basis of following national laws to guarantee the safety of the electronic information of customers to the maximum extent. Meanwhile, we will monitor the areas for the storage of paper archives, check the corresponding records and effectively supervise persons entering and leaving the areas.

During the Reporting Period, the Group was not involved in violation of regulations in terms of liability for relevant products and services with significant effects.

9.2 Improving Customers' Satisfaction

To meet market expectations and guarantee the consistency of the quality of the Group, the Group has obtained the ISO9001 authentication certificate on international quality management system. We implement standard management in strict compliance with the requirements of systems in the overall operation and production process and conduct applicability and compliance appraisal on the systems each year. We accept the examination and recertification by professional agencies on system certification and the two parties sign contracts for mutual restrictions. Meanwhile, we consistently improve and enhance the quality of services according to the demands of property owners as the starting point to achieve the purpose of meeting market demands.

The Group has set up the 400-0050033 national service hotline and arranged special employees to answer customers' calls. We require our employees to keep effective records on customers' appeals and ask the organisations and employees involved to communicate and reply within half an hour and revert the results to the 400 hotline and carry out special call-backs. The case will be closed when property owners are satisfied with the results and call-backs are required if they are dissatisfied until meeting their satisfaction. For complaints out of reasonable scopes, they will be submitted to superior levels for joint signing before closing. Relevant organization and individuals involved in deliberate postponement or avoidance or exceeding the required time limit without any good causes will be punished based on the performance of organizations. During the Reporting Period, we received 73 complaints. The closing rate of the complaints of the Reporting Period reached 100%. Also, we continue to follow up those unhandled cases, so as to make sure owners are satisfied with most of the results of handled complaints.

In order to obtain customers' opinions and feedback on the services of the Group, we conducted customer satisfaction surveys by the means of internal sampling surveys and external third party joint surveys to further improve customers' satisfaction through the constantly improvement of services in the future.

Based on customers' satisfaction surveys and feedback, we responded to customer demands from the following aspects to improve customer satisfaction:

- Launching owner visits or seminars regularly, improving two-way communication, listening to owners' voices, and helping owners to solve problems;
- Further improving and expanding community cultural activities to enrich the lives of owners; and
- Optimising the front-line management of the managed projects, protecting the rights and interests of customers, and taking privacy protection and security precautions through technological means.

Customer security and safety

The Group strictly complies with Law of the People's Republic of China on Protection of Consumer Rights and Interests, Network Security Law of the People's Republic of China, and other relevant laws and regulations, and in its work, it further understands the actual demands of customers and formulates scientific management standards to protect customers' rights and interests in information safety, personal safety, etc.

- A full-time personnel is designated to be responsible for the property owners' files. The property owners' archives are saved separately and have a separate archive room. Anyone who needs to check the property owners' information has to register before entering the archive room;
- The computers containing customer archives must be accessed by passwords, which are kept by the user; and
- Implementing an accountability mechanism. Copying and borrowing property owners' information must be reported to the general manager room, and must be approved before implementation. The property owners' information change shall be launched by the key personnel and approved by the general manager's office. Change is conducted by dedicated personnel, the front-line employees in managed projects are not allowed to change arbitrarily without authorisation.

In terms of the protection of community security, we integrate technical prevention and safety prevention to guarantee the safety of property owners. Technical prevention mainly consists of the boundary alarming system, internal monitoring system in the communities, access control system for residential buildings, barrier gate systems in the communities, fire prevention systems, facial recognition systems and other systems. We also arrange relevant employees, such as gate sentries, patrols, fire prevention and monitoring personnels and vehicle monitoring personnels, as supplements based on composition of the systems. We supplement the deficiency of hardware facilities through facial recognition and the registration and verification of the entry and leaving of persons and vehicles to achieve community safety to the greatest extent. The Group supervises the duty performance of employees through intelligent software on the communities used by the Group and reviews the performance of tasks on each project under management each week. We also install anti-surveillance facilities on key positions to conduct sample inspections irregularly and handle issues spotted in time. Relevant responsible persons in cases of gross violation are punished based on management systems on award and punishment. We conduct appraisal on employees at all positions on a monthly basis to solve targeted issues.

For customer health care, the Group strictly implements the Management Standards for Environmental Sanitary Work Rules, and enhanced its performance in garbage classification and transportation, river cleaning, green belt maintenance, and disease control and prevention, and providing property owners with a clean, healthy and hygienic living environment.

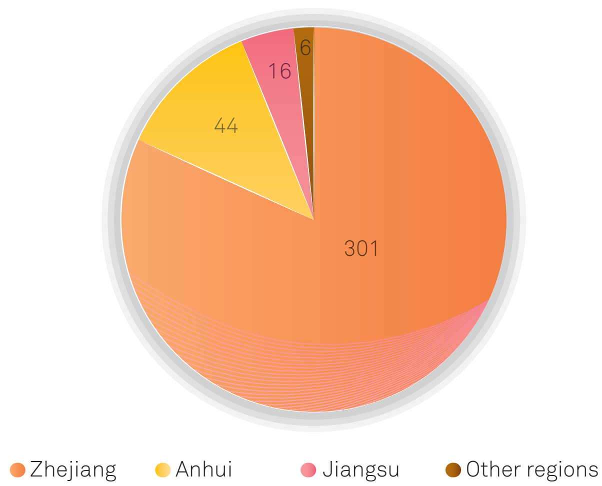
Due to the nature of the business of the Group, which does not involve in manufacturing of products, there were no products which had to be recalled for safety and health reasons during the Reporting Period.

10. SUPPLY CHAIN MANAGEMENT

The Group carries out close cooperation with different types of suppliers through the increasing improvement of the supply chain management system and strictly controls the selection of suppliers for materials procurement and services outsourcing to establish an efficient supply system. Our suppliers mainly include: service providers and subcontractors for cleaning, security, greening/gardening, architecture/decoration environment, fire prevention, equipment repairing and maintenance, energy saving, information, finance, legal, accounting, media and corporate planning and other comprehensive services. During the Reporting Period, the Group strengthens the assessment of suppliers' environmental and social factors based on ISO9001 quality management system and ISO14001 environmental management system.

The Group has a total of 367 suppliers and the geographical distribution of suppliers is as follows:

Number of Suppliers by Geographical Distribution



10.1 Supplier management process

The Group strictly implements the regulations and requirements in the supplier management process based on its Supplier Management Methods.

Supplier development

We collect market data based on the requirements of cost reduction, quality improvement, delivery time reduction, new product development, new business and service outsourcing to develop potential suppliers.

Supplier admission

We have formulated the admission requirements for all suppliers, and specific requirements are as follows:

(1) Having the independent ability to bear civil liability;

(2) Registered operation time longer for more than one year;

(3) Having a great business reputation;

(4) Having the equipment, resources and professional skills required to perform the contract;

(5) Having good records on paying taxes and social security funds under law;

(6) No major illegal records in business activities in 3 years previous to the procurement;

(7) No legal disputes or cases in progress of the Group's procurement; and

(8) Suppliers whose qualifications have been eliminated by the Group are rejected within 2 years; suppliers in the blacklist are rejected for 3 years.

Appraisal on Suppliers

The Group conducts annual appraisal on all suppliers based on actual centralized procurement or outsourcing during the Reporting Period. Materials suppliers are appraised based on a weight of 50%, 20%, 15% and 15% on quality, delivery, price and cooperation, respectively; while outsourcing (including property outsourcing and service outsourcing) suppliers are appraised based on a weight of 70% and 30% on quality and service as well as business, respectively. The scoring standards on quality are set by the corresponding professional departments and are filed with the Audit and Supervision Center.

Based on appraisal results, we classify suppliers into levels satisfied, qualified and unqualified. Suppliers will be considered as having withdrawn when they are involved in one of the following circumstances:

- being assessed as level unqualified for two consecutive years;
- having quality issues in supply/service, failing to improve repeatedly or meeting requirements after taking rectification measures;
- being involved in breaching of contracts or integrity and other activities with negative influence and failing to rectify such activities;
- being involved in false representations, forgery of documents, pretending shoddy goods to be of high quality, fraudulent pricing, breaching contracts, bribery and other breaches of business ethics during qualification verification, bidding or quoting of fees, performance of contracts and subsequent services; and
- suppliers voluntarily asking for withdrawal with reasonable grounds.

We are committed to conveying our notions of environmental protection, safety and corporate social responsibility to suppliers. When we cooperate, we inform suppliers to strengthen our cooperation in environmental and occupational health and safety protection. We conduct irregular monitoring and inspection over the material suppliers to monitor their performance in environment, health and safety. For the suppliers who do not meet our requirements, we will propose rectification suggestions; for suppliers that still fail to meet our requirements after rectification, we will take corresponding measures such as reducing orders, changing suppliers, etc., so as to manage the environmental and social risks of the supply chains.

Suppliers involved in one of the following circumstances will be listed on the blacklist and publicised in the announcement system of the Group. Procurement departments at all levels are prohibited to select such suppliers for procurement, outsourcing and bid inquiry. Suppliers on the blacklist are not allowed to apply to be included as suppliers within three years:

- being involved in falsification or defrauding in obtaining the registration qualification;
- being involved in bidding collusion or bribery;
- failing to conduct construction, provide products or outsource services based on drawings or bidding documents, resulting in safety accidents or potential safety hazards and refusing to rectify or failing to pass acceptance after rectification;
- failing to pass annual performance appraisal and refusing to rectify or failing to pass acceptance after rectification;
- being involved in significant quality defects or safety accidents for the reasons of suppliers within 2 years after the delivery of projects;
- terminating supply and services arbitrarily in the provision of products and services without the approval of the Group and resulting in significant results on the Group; and
- spreading rumors recklessly in the industry and seriously damaging the reputation of the Company.

11. INTEGRITY AND DEVOTED TO DUTY

The Group strictly abides by the Criminal Law of the People's Republic of China, the Law of the People's Republic of China Against Unfair Competition and other laws and regulations of the PRC and consistently improves relevant management mechanisms and systems on anti-corruption. The Group will sign the supplier integrity agreement upon entering into contracts with suppliers. During the Reporting Period, the Group arranged an anti-corruption training for directors and staff. We made "management integrity declarations" at the debriefing meeting in 2024 and arranged special inspection and audit employees on reviews. In addition, the Group established redline management standards on employees, out of which the relevant codes of conduct of employees specify details and punishment of the embezzlement, corruption, bribery and other negative activities of employees. Employees involved in the abovementioned activities may be subject to pay cuts, demotion, removal or termination of their employment contracts. The direct responsible person or direct supervisor having known the above activities of such employees but failed to report may receive verbal warning, demerit, notice of criticism, pay cuts or other punishment. All subsidiaries and branches of the Group arrange anti-corruption training every year. All employees are required to pass the test about the redline management standard after the training. Meanwhile, the Group established independent inspection and reporting mailboxes which are safeguarded by special employees. We strictly keep the information of whistle-blowers confidential and require relevant employees to keep the information of whistle-blowers confidential. Relevant employees involved in divulging secrets will receive administrative punishment. The Group has established the special hotline: (0571) 86821030-808 and mailbox sdwyjubao@songdu.com for whistle-blowing. We also have reminders about the "ten prohibitions" of the Group in meeting rooms to promote anti-corruption.

During the Reporting Period, the Group was not involved in corruption cases or lawsuits and there is no concluded legal case regarding corrupt practices brought against the Group or its employees.

12. GIVING BACK TO SOCIETY WITH CHARITABLE ACTIVITIES

The Group has been focusing on the quality of services. While achieving rapid corporate development, the Group always actively performs social responsibilities. The Group is devoted to creating a harmonious and happy community environment and a friendly neighbor atmosphere and creating a warm property management model for property owners.

We actively fulfill our corporate civil responsibility and encourage our staff to participate in voluntary service activities. As a cultural enterprise, the Group actively participates in provincial-level and municipal-level online and offline conferences, providing suggestions as a way of contributing to the rapid development of the community's cultural industry and fulfill our responsibilities to the community.

In order to effectively perform the function of grassroots social governance, the Group has built a comprehensive urban service platform in old communities, based on the ten types of property management services provided in the old community including public cleaning, public order, public security, public greening, public maintenance, public services, ecological environment and emergency security as a foothold to improve standards, expand comprehensive operation services, comprehensive public services and comprehensive consulting services to achieve the service upgrade.

During the Reporting Period, in order to diversify the value-added services of the projects under the management of the Group, various activities have been carried out by the Group to meet the requests of property owners and increase their satisfaction of our services.

Mother's Day

For Mother's Day, each of the Group's projects were accompanied by bouquets of flowers, with the wish that time will treat mothers gently every year. In order to sincerely spread love to all mothers, the Group have carried out a variety of activities, so that property owners can share the happiness and peace with their families.

Children's Day

On this happy Children's Day, with bright sunshine and soothingly warm temperatures, every individual should have fun, regardless of their age. To capture every heartwarming moment during the festival, the Group arranged a range of activities. The Group will continue to provide quality services to bring more harmonious and beautiful memories to all property owners.

The Dragon Boat Festival

On this special occasion, many cultural activities were prepared for the community to celebrate the traditional festivals. To relive the tradition many experienced in their childhood, the Group invited property owners to gather together and make sticky rice dumplings by gathering reed leaves, making funnels, filling the reed leaves with nutritious rice, then sealing and tying them shut. The whole community was also filled with the fragrance of reeds. Taking into account the custom of giving mugwort during the Dragon Boat Festival, the Group arranged for bundles of mugwort to be sent to property owners, with the purpose of decorating their doors to bring everlasting blessings.

The Sundy Fan Festival

In mid-summer, the Sundy Fan Festival activities were in full swing, just like a continuously cool breeze blowing away the anxiety of the heat, bringing the joy of summer to everyone.

Some projects created a starry sky film that was showcased to property owners; some projects focused on the romance of red with the community on the Party Founding Day; some projects brought refreshing food to the film festival site to enhance property owners' enjoyment of the film; other projects in Hangzhou, Hefei and other areas launched a bubble party, which was extremely popular amongst the children. In addition, many projects also established beneficial services that offered necessities during the Sundy Fan Festival to allow property owners to enjoy summer while providing needs for their daily lives.

Bringing coolness to the front-line

During the mid-summer period, the Group showed the utmost care towards front-line employees. In order to pay tribute to their persistence under the scalding hot temperatures, the management of the Group went to the front lines of all projects to deliver cooling supplies to thank the front-line employees for their dedication and efforts.

The Chung Yeung Festival

On the occasion of the Chung Yeung Festival, the Group carried out series of activities to implement the spirit of respect for the elderly.

The Caihe Family Project held a festival wherein all the senior citizens who were property owners gathered together to have a happy time together. With the aim of showering the elderly with care and to demonstrate our gratitude, some projects of the Group prepared exclusive gifts for the elderly, such as red bean soup, Chung Yeung Festival cake and longevity noodles.

13. APPENDICES

13.1 Index of the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange

Environmental, Social and Governance Reporting Guide		Content in the Report
Subject Areas A. Environmental		
Aspect A1: Emissions		
A1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	4.1 Emissions Control and Disposal in Compliance with Regulation
A1.1	The types of emissions and respective emissions information.	4.1 Emissions Control and Disposal in Compliance with Regulation
A1.2	Direct (Scope 1) and indirect (Scope 2) GHG emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.1 Emissions Control and Disposal in Compliance with Regulation
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.1 Emissions Control and Disposal in Compliance with Regulation
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.1 Emissions Control and Disposal in Compliance with Regulation
A1.5	Description of targets on mitigating emissions and steps adopted to achieve such targets.	4.1 Emissions Control and Disposal in Compliance with Regulation
A1.6	Description of how hazardous and non-hazardous wastes are handled and description of targets on reducing waste and steps adopted to achieve such targets.	4.1 Emissions Control and Disposal in Compliance with Regulation

Environmental, Social and Governance Reporting Guide		Content in the Report
Aspect A2: Use of Resources		
A2	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	5. Resources Saving and Low-Carbon Operation
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	5. Resources Saving and Low-Carbon Operation
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	5. Resources Saving and Low-Carbon Operation
A2.3	Description of energy use efficiency targets set and steps adopted to achieve such targets.	5. Resources Saving and Low-Carbon Operation
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose and water efficiency targets set and steps adopted to achieve such targets.	5. Resources Saving and Low-Carbon Operation
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	5. Resources Saving and Low-Carbon Operation
Aspect A3: The Environment and Natural Resources		
A3	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	4. Energy Saving Environmental Protection and Green Development
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4. Energy Saving Environmental Protection and Green Development
Aspect A4: Climate Change		
A4	General Disclosure Policies on identification and mitigation of significant climate related issues which have impacted, and those which may impact, the issuer.	5.1 Actively respond to the climate change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	5.1 Actively respond to the climate change

Environmental, Social and Governance Reporting Guide		Content in the Report
Subject Areas B. Social		
Aspect B1: Employment		
B1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	6. Talent Recruitment and Common Growth
B1.1	Total workforce by gender, employment type (such as full-time or part-time), age group and geographical region.	6.1 Equal employment with rights protection
B1.2	Employee turnover rate by gender, age group and geographical region.	6.1 Equal employment with rights protection
Aspect B2: Health and Safety		
B2	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	8.1 Providing a safe working environment
B2.1	Number and rate of work-related fatalities occurred in each of the past three years, including the reporting year.	8.1 Providing a safe working environment
B2.2	Lost days due to work-related injuries.	8.1 Providing a safe working environment
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	8.1 Providing a safe working environment
Aspect B3: Development and Training		
B3	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	7. Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	7.3 Sundy students
B3.2	The average training hours completed per employee by gender and employee category.	7.3 Sundy students

Environmental, Social and Governance Reporting Guide		Content in the Report
Aspect B4: Labour Standards		
B4	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	6.4 Anti-Child Labour and Forced Labour
B4.1	Description of measures to review employment practices to avoid child and forced labour.	6.4 Anti-Child Labour and Forced Labour
B4.2	Description of steps taken to eliminate such practices when discovered.	6.4 Anti-Child Labour and Forced Labour
Aspect B5: Supply Chain Management		
B5	General Disclosure Policies on managing environmental and social risks of the supply chain.	10. Supply Chain Management
B5.1	Number of suppliers by geographical region.	10. Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	10.1 Supplier management process
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	10.1 Supplier management process
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	10.1 Supplier management process
Aspect B6: Product Responsibility		
B6	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	9. Intelligent Management and Sincere Services
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	9.2 Improving Customers' Satisfaction
B6.2	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	9.2 Improving Customers' Satisfaction
B6.3	Description of practices relating to observing and protecting intellectual property rights	9.1 Improving Service Quality
B6.4	Description of quality assurance process and recall procedures.	9.2 Improving Customers' Satisfaction
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	9.2 Improving Customers' Satisfaction

Environmental, Social and Governance Reporting Guide		Content in the Report
Aspect B7: Anti-corruption		
B7	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	11. Integrity and Devoted to Duty
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	11. Integrity and Devoted to Duty
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	11. Integrity and Devoted to Duty
B7.3	Description of anti-corruption training provided to directors and staff.	11. Integrity and Devoted to Duty
Aspect B8: Community Investment		
B8	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	12. Giving Back Society with Charitable Activities
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	12. Giving Back Society with Charitable Activities
B8.2	Resources contributed (e.g. money or time) to the focus area.	12. Giving Back Society with Charitable Activities

INDEPENDENT AUDITOR'S REPORT

國富浩華（香港）會計師事務所有限公司
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TO THE SHAREHOLDERS OF SUNDY SERVICE GROUP CO. LTD
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Sundy Service Group Co. Ltd (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 111 to 202, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**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 MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

KEY AUDIT MATTER (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment on trade receivables (including related parties)	
We identified impairment of trade receivables as a key audit matter due to the significance of these balances to the consolidated financial statements and the involvement of subjective judgment and estimates made by the directors of the Company in determining the expected credit loss ("**ECL**") for these balances. As at 31 December 2024, the carrying amounts of the Group's trade receivables were approximately RMB142,551,000 (net of loss allowance of approximately RMB52,726,000), as set out in note 24 to the consolidated financial statements, which represented approximately 26% of total assets of the Group. The directors of the Company assessed the impairment of trade receivables based on valuation performed by an independent professional valuer (the "**Valuer**"). Impairment of trade receivables was made using simplified approach under International Financial Reporting Standard 9. ECL on trade receivables are estimated based on a collective group basis assessment by its ageing and trade receivables with significant balances are estimated based on individual basis assessment. The management assessed that provision rates are based on internal credit rating as groupings for various debtors by their ageing, probability of default ("**PD**"), loss given default ("**LGD**"), customer's financial position and an assessment of both the current and forecast general economic conditions. At every reporting date, the observed loss rates are reassessed and changes in the forward-looking information are considered.	Our procedures in relation to the impairment of trade receivables included: • Obtaining an understanding of the ECL model applied by the directors of the Company for the estimation of the impairment of trade receivables; • Evaluating the competence, capabilities and objectivity of the Valuer; • Understanding and challenging the Valuer's valuation methodology, significant assumptions adopted and significant unobservable inputs used in the valuation, including PD and LGD after taking into consideration of forward-looking information; • Testing and verifying the data used by the management for the preparation of the ECL model, including ageing of trade receivables, on a sample basis, against services agreements, invoices and other supporting documents; • Testing, on a sample basis, the mathematical accuracy of the calculation of ECL; and • Evaluating the disclosures regarding the impairment of trade receivables and the exposure to credit risk of the Group in the consolidated financial statements.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Company's 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 DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe this matter 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.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 3 July 2024.

Hong Kong, 31 March 2025

Crowe (HK) CPA Limited
Certified Public Accountants
Chung Wai Chuen, Alfred
Practising Certificate Number P05444

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	7	**247,549**	262,362
Cost of sales and services rendered		**(190,117)**	(217,445)
Gross profit		**57,432**	44,917
Interest income		**2,028**	3,308
Other income	9	**922**	8,595
Other gains and losses, net	10	**1,725**	127
Selling and marketing expenses		**(954)**	(1,080)
Administrative expenses		**(28,058)**	(24,342)
Impairment loss on trade receivables		**(19,824)**	(13,713)
Share of loss of joint ventures		**(1,253)**	(234)
Share of profit/(loss) of an associate		**506**	(353)
Finance costs	11	**(84)**	(102)
Profit before taxation		**12,440**	17,123
Income tax expense	12	**(4,648)**	(5,160)
Profit for the year	13	**7,792**	11,963
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements of the Company		**(237)**	4,245
		(237)	4,245
Items that may be reclassified to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**(2,976)**	(3,286)
		(2,976)	(3,286)
Total comprehensive income for the year		**4,579**	12,922
Profit for the year attributable to:			
Owners of the Company		**2,941**	9,358
Non-controlling interests		**4,851**	2,605
		7,792	11,963
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(272)**	10,317
Non-controlling interests		**4,851**	2,605
		4,579	12,922
Earnings per share			
– Basic (RMB cents)	15	**0.08**	0.29

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	17	**18,210**	26,615
Goodwill	18	**–**	1,242
Intangible assets	19	**64**	3,927
Right-of-use assets	20	**–**	112
Financial assets at fair value through profit or loss	25	**–**	43,917
Investments in joint ventures	21	**900**	2,153
Investment in an associate	22	**5,927**	5,421
Prepayments	24	**–**	4,651
Deferred tax assets	33	**12,629**	8,892
		37,730	96,930
Current assets			
Inventories	23	**188**	379
Properties held for sale	26	**145,461**	8,696
Trade and other receivables	24	**170,273**	230,313
Financial assets at fair value through profit or loss	25	**6,005**	70,198
Restricted bank balances	27	**14,902**	9,149
Cash and cash equivalents	28	**175,033**	146,695
		511,862	465,430
Current liabilities			
Contract liabilities	29	**25,940**	31,824
Advances from lessees		**95**	85
Trade and other payables	30	**123,013**	133,481
Lease liabilities	31	**–**	48
Current taxation		**7,376**	3,399
		156,424	168,837
Net current assets		**355,438**	296,593
TOTAL ASSETS LESS CURRENT LIABILITIES		**393,168**	393,523

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Lease liabilities	31	–	74
Deferred tax liabilities	33	–	900
		–	974
NET ASSETS		**393,168**	392,549
Capital and reserves			
Share capital	34	**254**	254
Reserves	36(a)	**383,790**	384,062
Equity attributable to owners of the Company		**384,044**	384,316
Non-controlling interests		**9,124**	8,233
TOTAL EQUITY		**393,168**	392,549

The consolidated financial statements on pages 111 to 202 were approved and authorised for issue by the board of directors on 31 March 2025 and are signed on its behalf by:

Yu Yun
Director

Zhu Congyue
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium* RMB'000	Capital reserves* RMB'000	PRC statutory reserves* RMB'000	Exchange reserves* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	208	178,384	(33,780)	21,510	562	175,487	342,371	5,628	347,999
Profit for the year	–	–	–	–	–	9,358	9,358	2,605	11,963
Other comprehensive income for the year	–	–	–	–	959	–	959	–	959
Total comprehensive income for the year	–	–	–	–	959	9,358	10,317	2,605	12,922
Issue of shares upon share subscriptions	46	31,582	–	–	–	–	31,628	–	31,628
Appropriation to statutory reserves	–	–	–	1,844	–	(1,844)	–	–	–
At 31 December 2023	254	209,966	(33,780)	23,354	1,521	183,001	384,316	8,233	392,549

	Attributable to owners of the Company								
	Share capital RMB'000	**Share premium* RMB'000**	**Capital reserves* RMB'000**	**PRC statutory reserves* RMB'000**	**Exchange reserves* RMB'000**	**Retained profits* RMB'000**	**Total RMB'000**	**Non-controlling interests RMB'000**	**Total equity RMB'000**
At 1 January 2024	**254**	**209,966**	**(33,780)**	**23,354**	**1,521**	**183,001**	**384,316**	**8,233**	**392,549**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**2,941**	**2,941**	**4,851**	**7,792**
Other comprehensive expense for the year	**–**	**–**	**–**	**–**	**(3,213)**	**–**	**(3,213)**	**–**	**(3,213)**
Total comprehensive (expense)/income for the year	**–**	**–**	**–**	**–**	**(3,213)**	**2,941**	**(272)**	**4,851**	**4,579**
Appropriation to statutory reserves	**–**	**–**	**–**	**1,985**	**–**	**(1,985)**	**–**	**–**	**–**
Disposal of a subsidiary (Note 40)	**–**	**–**	**–**	**(140)**	**–**	**140**	**–**	**(3,960)**	**(3,960)**
At 31 December 2024	**254**	**209,966**	**(33,780)**	**25,199**	**(1,692)**	**184,097**	**384,044**	**9,124**	**393,168**

* These reserve accounts comprise the consolidated reserves in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 RMB'000	2023 RMB'000
Cash flows from operating activities		
Profit before taxation	**12,440**	17,123
Adjustments for:		
Depreciation of property, plant and equipment	**8,993**	8,493
Amortisation of intangible assets	**663**	651
Depreciation of right-of-use assets	**–**	75
Interest income	**(2,028)**	(3,308)
Finance costs	**84**	102
Amortisation on financial guarantee contract	**–**	(5,857)
Loss on disposal of a subsidiary	**1,657**	–
Net gain on early termination of a right-of-use asset	**(10)**	(15)
Loss on disposal/written off of property, plant and equipment	**–**	1
Gain on change in fair value on financial assets at fair value through profit or loss	**(3,496)**	(198)
Share of loss of joint ventures	**1,253**	234
Share of (profit)/loss of an associate	**(506)**	353
Impairment loss on trade receivables	**19,824**	13,713
Operating cash flows before movements in working capital	**38,874**	31,367
Decrease/(increase) in inventories	**191**	(66)
Increase in trade and other receivables	**(53,941)**	(27,309)
Increase in restricted bank balances	**(5,753)**	(8,774)
(Increase)/decrease in of properties held for sale	**(36,715)**	1,406
Decrease in contract liabilities and trade and other payables	**(7,148)**	(13,524)
Cash used in operations	**(64,492)**	(16,900)
Income tax paid	**(4,513)**	(8,700)
Net cash used in operating activities	**(69,005)**	(25,600)
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(595)**	(1,572)
Payment for acquisition of financial assets at fair value through profit or loss	**(33,808)**	(106,217)
Sale proceeds from disposal of financial assets at fair value through profit or loss	**136,082**	–
Interest received	**2,028**	3,308
Net cash outflow from disposal of a subsidiary (note 40)	**(4,675)**	–
Release of pledged bank deposit	**–**	135,000
Net cash generated from investing activities	**99,032**	30,519

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 RMB'000	2023 RMB'000
Cash flows from financing activities		
Proceed from share subscriptions	–	31,628
Capital element of lease rentals paid	–	(72)
Interest element of lease rentals paid	–	(18)
Net cash generated from financing activities	–	31,538
Net increase in cash and cash equivalents	**30,027**	36,457
Cash and cash equivalents at the beginning of the year	**146,695**	109,289
Effect of foreign exchange rate changes	**(1,689)**	949
Cash and cash equivalents at the end of the year	**175,033**	146,695
Analysis of cash and cash equivalents		
Bank and cash balances	**175,033**	146,695

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

Sundy Service Group Co. Ltd (the "**Company**") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 5 May 2017 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 18 January 2021. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 42 to the consolidated financial statements. The Company and its subsidiaries are collectively referred to as the "**Group**".

The consolidated financial statements are presented in Renminbi ("**RMB**"). RMB is the functional currency of the Company's subsidiaries established in the People's Republic of China (the "**PRC**"). The functional currency of the Company and the Company's subsidiaries outside the mainland China are Hong Kong dollars ("**HKD**"). The Group translates the financial statements of the Company and the Company's subsidiaries outside mainland China from HKD into RMB.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

In the current year, the Group has applied the following amendments to IFRS Accounting Standards ("**IFRSs**") (which include all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and interpretations) issued by the International Accounting Standards Board (the "**IASB**") that are mandatorily effective for its accounting year beginning on or after 1 January 2024 for the preparation of the Group's consolidated financial statements:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

The application of these amendments to IFRSs has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRSs (continued)

New and amendments to IFRSs in issue but not yet effective

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

Amendments to IAS 21	Lack of Exchangeability[1]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Annual Improvements to IFRSs 2024	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]
IFRS 18 and consequential amendments to other IFRSs	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

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 periods beginning on or after 1 January 2027

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

The Group is in the process of evaluating the impact of IFRS 18 on the consolidated financial statements for the forthcoming years.

Except for the aforesaid, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB, and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, except for the investments that are measured at fair values at the end of each reporting period, as explained in the material accounting policy information set out below.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 4 to the consolidated financial statements.

The material accounting policy information applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary; and (ii) the carrying amount of the asset (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company, and includes any related exchange reserve. Non-controlling interests (if any) are derecognised.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Consolidation (continued)

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Business Combination and Goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Incomes Taxes* ("**IAS 12**") and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date;

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16 *Leases* ("**IFRS 16**")) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Business Combination and Goodwill (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss and other comprehensive income. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, equity investments at fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill arising on an acquisition of a business is measured at cost as established at the date of acquisition of the business less any accumulated impairment. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represents the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units), except that the carrying value of an asset will not be reduced below the highest of its individual fair value less costs of disposal (if measurable), value in use (if determinable) and zero.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Business Combination and Goodwill (continued)

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained, unless the Group can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

The non-controlling interests in the subsidiary are initially measured at the non-controlling interests proportionate share of the recognised amounts of the acquiree's identifiable net assets at the acquisition date.

Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. 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.

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method and are initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised in consolidated profit or loss.

The Group's share of a joint venture's post-acquisition profits or losses and other comprehensive income is recognised in consolidated profit or loss and other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Joint Ventures (continued)

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the carrying amount of the Group's interest in that joint venture, and includes any exchange reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group assesses whether there is any objective evidence that its net investment in the joint venture is impaired. When there is objective evidence of impairment, the entire carrying amount (including goodwill) of the investment is tested for impairment in accordance with IAS 36 *Impairment of Assets* ("**IAS 36**") as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. An impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the net investment in the joint venture. Accordingly, any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the net investment subsequently increases.

Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements using the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised in consolidated profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Associate (continued)

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated profit or loss and other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after is share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate; and (ii) the carrying amount of the Group's interest in that associate plus any remaining goodwill relating to that associate, and includes any related exchange reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group assesses whether there is any objective evidence that its net investment in the associate is impaired. When there is objective evidence of impairment, the entire carrying amount (including goodwill) of the investment is tested for impairment in accordance with IAS 36 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. An impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the net investment in the associate. Accordingly, any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the net investment subsequently increases.

Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in RMB, which is different from the Company's functional currency, HKD. As the major revenue and assets of the Group are derived from operations in the PRC, RMB is chosen as the presentation currency to present the consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign Currency Translation (continued)

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items (if any) that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(c) Translation on consolidation

The results and financial position of all the group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates (unless exchange rates fluctuate significantly, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, Plant and Equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any accumulated impairment.

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

Depreciation of property, plant and equipment, other than construction in progress, is calculated at rates sufficient to write off their costs less their residual values over the estimated useful lives or annual rate on a straight-line basis. The principal annual rates are as follows:

Equipment and furniture	10% – 33.33%
Electronic equipment	20% – 33.33%
Motor vehicles	20% – 33.33%
Leasehold improvement	10% – 33.33%

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

Construction in progress represents electronic equipment pending assembling, testing and installation, and is stated at cost less any impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Intangible Assets

Intangible assets that are acquired by the Group and that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment.

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment, on the same basis as intangible assets that are acquired separately.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible Assets (continued)

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the dates they are available for use and their estimated useful lives are as follows:

Trademark use rights	10 years
Customer relationship	5.5 years
Software	3 years

Both the periods and method of amortisation are reviewed annually.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gain or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

Leases

The Group as lessee

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease component from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

A right-of-use asset and a lease liability are recognised at the commencement date of a lease when the leased asset is available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rate is as follows:

Land and buildings	7.5%

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as lessee (continued)

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

The lease payments include (if any):

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

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liabilities and hence are charged to profit or loss in the accounting period in which they are incurred.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less and do not have a purchase option. Low-value assets are assets of value, when new, below US$5,000.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as lessee (continued)

The Group presents right-of-use assets, that do not meet the definition of investment property or inventory, as a separate line item on the consolidated statement of financial position.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

The Group as lessor

(a) Operating leases

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a variable lease that do not depend on an index or rate to which the Group applies the exemption described in lessee as aforesaid, then the Group classifies the sub-lease as an operating lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property Held for Sale

Properties held for sale are stated at the lower of cost and net realisable value. Costs of properties include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is the estimated selling price in the ordinary course of course of business less the estimated costs necessary to make the sale.

Inventories

Inventories are initially stated at cost and subsequently carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

Recognition and Derecognition of Financial Instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial Assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss (the "**Financial assets at FVTPL**"). Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

(i) Financial assets at amortised cost

Financial assets (including trade and other receivables, restricted bank balances and cash and cash equivalents) are classified under this category if they satisfy both of the following conditions:

– the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

– the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(ii) Financial assets at FVTPL

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt instruments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as financial assets at fair value through other comprehensive income on initial recognition.

Financial assets at FVTPL are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Loss Allowances for Expected Credit Losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Financial assets at FVTPL are not subject to the expected credit losses assessment. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("**lifetime expected credit losses**") for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting date ("**12-month ECL**").

(i) Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor;
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group;
- an actual or expected internal credit rating downgrade for the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Loss Allowances for Expected Credit Losses (continued)

(i) Significant increases in credit risk (continued)

- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring; and

- significant adverse changes in the expected performance and behaviour of the borrower.

The Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default; (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate a more lagging default criterion is more appropriate.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Loss Allowances for Expected Credit Losses (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence to a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

ECL are a probability-weighted estimate of credit losses over the expected life of the financial instrument. The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECL, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Loss Allowances for Expected Credit Losses (continued)

(v) Measurement and recognition of ECL (continued)

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables from individual customers, amounts due from related parties are each assessed as a separate group. Trade receivables from customers which significant balances are assessed for expected credit losses on an individual basis); and

- Past-due status.

The grouping is regularly reviewed by management of the Group to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Cash and Cash Equivalents

Cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 5(b).

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial Liabilities and Equity Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities

Financial liabilities (including trade and other payables) are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Revenue and Other Income Recognition

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration specified in a contract to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue and Other Income Recognition (continued)

If a performance obligation is satisfied over time, revenue is recognised by measuring the progress towards complete satisfaction of that performance obligation, using output method that depicts the Group's performance in transferring control of goods or services promised to a customer. Output method recognises revenue on the basis of direct measurement of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Property management services

For property management services, the Group recognises revenue equal to the amount for which the Group has the right to invoice based on the value of the performance completed on a monthly basis.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primary responsible for providing the property management services to the property owners, the Group recognises the fee received or receivable from property owners, as its revenue and all related property management costs as its cost of sales.

Value-added services to non-property owners

Value-added services to non-property owners mainly include consulting services, sales assistance and pre-delivery services. The Group agrees the price for each service with the customers upfront and issue the monthly bill to the customers which varies based on the actual level of service completed in that month.

Community value-added services

Community value-added services mainly include property repair and maintenance, waste cleaning, society retailing, utility fee collection, remodelling and decoration and community space services. Revenue from services is recognised when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer.

Hotel business

Hotel business mainly includes hotel room charge and provision of food and beverage and ancillary services. Except for revenue from food and beverage and ancillary services which is recognised at the point in time when the services are rendered, revenue from other hotel business services is recognised over time in the accounting period in which the services are rendered.

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FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue and Other Income Recognition (continued)

Interest income is recognised using the effective interest method.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Rental income is recognised on a straight-line basis over the lease term.

Employee Benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the at the end of the reporting period.

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

(b) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged in profit or loss represents contributions payable by the Group to the funds.

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Borrowing Costs

Borrowing costs are recognised in profit or loss in the year in which they are incurred.

Government Grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Government Grants (continued)

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and do not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, an associate and joint ventures except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Taxation (continued)

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

Current and deferred tax are recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Segment Reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's chief operating decision maker ("**CODM**", identified as the most senior executive management) for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of productions processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Related Parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if 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 Company or of a parent of the Company.

(b) An entity is related to the Group (reporting entity) if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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).

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of Assets (excluding Financial Instruments and Goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value-in-use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Contingent Liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the Reporting Period

Events after the reporting period that provide additional information about the Group's conditions at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. KEY ESTIMATES

Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. KEY ESTIMATES (continued)

Key Sources of Estimation Uncertainty (continued)

The following is the key assumption 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 twelve months.

(a) Impairment for trade and other receivables

The Group estimates impairment losses for bad and doubtful debts by using expected credit loss model. Expected credit loss on trade receivables are estimated based on a collective group basis assessment by its ageing and trade receivables with significant balances are estimated based on individual basis assessment. The management assessed that provision rates are based on internal credit rating as groupings for various debtors by their ageing, probability of default ("**PD**"), loss given default ("**LGD**"), customers' financial position and an assessment of both the current and forecast general economic conditions. At every reporting date, the observed loss rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in note 24.

The Group measures loss allowance equal to 12-month ECL for other receivables. In determining the ECL of other receivables including amounts due from related parties, the management of the Company makes periodical individual assessment on the recoverability of the receivables by taking into account their past payment history, credit rating of the debtors and the forward-looking information that is available without undue cost or effort, and considering the debtors operate in industry. The amounts of ECL reflect changes in credit risk since initial recognition and is sensitive to changes in estimates. As at 31 December 2024, the aggregate carrying amount of other receivables were approximately RMB21.7 million (2023: RMB16.5 million). The information about the ECL and the Group's other receivables is disclosed in note 24.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed.

(b) Fair value estimation

Financial assets at fair value through profit or loss are carried at the consolidated statement of financial position at fair value. The Group's financial controller works closely with the qualified external valuers to determine the appropriate valuation techniques and inputs for fair value measurements. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the financial assets at fair value through profit or loss which details are set out in note 6.

4. KEY ESTIMATES (continued)

Key Sources of Estimation Uncertainty (continued)

(c) Recognition of deferred tax assets

Deferred tax assets in respect of deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions related to the operating environment of the Group and require a significant level of judgement on the part of the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(d) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(e) Determination of the net realisable values of property held for sale

Properties held for sale are stated at the lower of cost and net realisable value in accordance with the material accounting policy as disclosed in note 3 to the consolidated financial statements. Management estimates the net realisable values of the Group's property held for sale based primarily on the latest market conditions. The Group carries out an review at the end of each reporting period by comparing the costs and recent prices for similar properties in similar locations and conditions.

5. FINANCIAL RISK MANAGEMENT

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

(a) Foreign Currency Risk

The Group's businesses are principally conducted in RMB and most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the group entities which is RMB. The Group is subject to foreign currency risk mainly arising from convertible notes issued by a company listed in Australia included in financial assets at FVTPL and bank balances, which are denominated in Australian dollars. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Foreign Currency Risk (continued)

The carrying amount of the Group's foreign currency denominated monetary assets at the end of each reporting period are as follows:

	2024	2023
	RMB'000	RMB'000
Assets		
Australian dollars	**43,241**	43,917

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in RMB against the relevant foreign currency 5% (2023: 5%) represents management assessment of the reasonably possible change in foreign exchange rates. The sensitivity rates include only outstanding foreign currency denominated monetary items and adjust their translation at the end of the reporting period for a 5% (2023: 5%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit for the year where RMB weakens 5% (2023: 5%) against the relevant currency. For a 5% (2023: 5%) strengthening of RMB against the relevant currency, there would be an equal and opposite impact on the post-tax profit and the amounts below would be negative.

	2024	2023
	RMB'000	RMB'000
Assets		
Australian dollars		
Impact on profit for the year	**(2,162)**	(2,196)

(b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to cash at bank and trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. However, the management of the Group will consider collateral or other credit enhancements should the need arise.

In order to minimise the credit risk with the customers, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new corporate customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 on trade balances based on collective and individual basis, and other debtor balances individually.

5. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit Risk (continued)

The Group's significant concentration of credit risk by geographical location is the PRC, which accounted for 100% (2023: 100%) of the trade receivables as at 31 December 2024. The Group's significant concentration of credit risk primarily arises when it has significant exposure to related parties. As at 31 December 2024, 10% (2023: 6%) and 19% (2023: 24%) of the trade receivables are due from the largest related party and the five largest related parties from property management services and the corresponding value-added services. Apart from trade receivables from related parties, the Group has large number of customers and there was no significant concentrations of credit risk.

The Group's cash at bank is mainly held with well-known financial institutions. Management does not foresee any significant credit risks arising from these deposits and does not expect that these financial institutions will default and cause losses to the Group.

The Group applies the simplified approach to provide for expected credit loss ("**ECL**") prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. ECL on trade receivables are estimated based on a collective group basis assessment by its ageing and trade receivables with significant balances are estimated based on individual basis assessment. The management assessed that provision rates are based on internal credit rating as groupings for various debtors by their ageing, PD, LGD, customer's financial position and an assessment of both the current and forecast general economic conditions. At every reporting date, the observed loss rates are reassessed and changes in the forward looking information are considered.

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

- Trade receivables due from related parties
- Trade receivables due from third parties

For other receivables, the Group has applied 12-month ECL assessment in accordance with IFRS 9 to measure the loss allowance except for those balances that the management considered the credit risk has increased significantly and/or those balances that are considered to be credit impaired. The ECL on other receivables are assessed individually based on historical settlement records, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of reporting period.

5. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit Risk (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets/other items
Low risk	The counterparty has a low risk of default of counterparties	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There has been significant increase in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's financial assets and other items, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2024 RMB'000	Gross carrying amount 2023 RMB'000
Financial assets at amortised cost						
– Trade receivables	24	N/A	Low risk	Lifetime ECL – not credit-impaired	**155,026**	208,668
	24	N/A	Loss	Lifetime ECL – credit-impaired	**40,251**	26,604
					195,277	235,272
– Other receivables	24	N/A	Low risk	12-month ECL	**14,490**	16,515
– Deposits	24	N/A	Low risk	12-month ECL	**225**	227
– Restricted bank balances	27	Aa3+ to Baa3	Low risk	12-month ECL	**14,902**	9,149
– Cash and cash equivalents	28	Aa3+ to Baa3	Low risk	12-month ECL	**175,033**	146,695

5. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit Risk (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2024 and 2023.

As at 31 December 2024	**Expected loss rate**	**Gross carrying amount RMB'000**	**Loss allowance RMB'000**
Related parties			
0 – 180 days	**4%**	**20,568**	**832**
181 – 365 days	**7%**	**24,085**	**1,756**
1 to 2 years	**10%**	**17,901**	**1,712**
2 to 3 years	**100%**	**5,776**	**5,776**
Over 3 years	**100%**	**2,784**	**2,784**
		71,114	**12,860**
Third parties			
0 – 180 days	**6%**	**52,076**	**3,249**
181 – 365 days	**11%**	**35,752**	**4,059**
1 to 2 years	**19%**	**4,644**	**867**
2 to 3 years	**100%**	**9,630**	**9,630**
Over 3 years	**100%**	**22,061**	**22,061**
		124,163	**39,866**
Total		**195,277**	**52,726**

As at 31 December 2023	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Related parties			
0 – 180 days	3%	22,082	680
181 – 365 days	6%	19,020	1,215
1 to 2 years	0%	56,101	–
2 to 3 years	0%	27,990	–
Over 3 years	0%	4,704	–
		129,897	1,895
Third parties			
0 – 180 days	3%	32,186	991
181 – 365 days	6%	25,006	1,441
1 to 2 years	10%	21,579	2,065
2 to 3 years	100%	21,055	21,055
Over 3 years	100%	5,549	5,549
		105,375	31,101
Total		235,272	32,996

5. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit Risk (continued)

Expected loss rates are based on internal credit rating as grouping for various debtors by their ageing, PD, LGD, customers' financial position and both the current and forecast general economic conditions. These rates are adjusted to reflect differences between economic conditions during the periods over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The Group rebutted the presumption of default under ECL model for trade receivables over 90 days past due based on the historical continuous settlement by the trade debtors with the Group.

In addition to the credit risk management policy of trade and other receivables stated above, the Group considers the probability of default upon initial recognition of assets and considers whether there has been a significant increase in credit risk on an ongoing basis. To assess whether there has been a significant increase in credit risk, the Group compares the risk of default occurring on an asset as at the end of each reporting period with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information that is available.

The movement in the allowance for impairment of trade receivables and other receivables during the year is as follows:

Impairment of trade receivables

	Note	**Lifetime ECL (not credit-impaired)** RMB'000	**Lifetime ECL (credit-impaired)** RMB'000	**Total** RMB'000
As at 1 January 2023		13,262	6,021	19,283
(Reversal of impairment losses)/ impairment losses recognised		(4,382)	18,095	13,713
Transfer to credit-impaired		(2,488)	2,488	–
As at 31 December 2023 and 1 January 2024		6,392	26,604	32,996
Disposal of subsidiary		**(94)**	**–**	**(94)**
Impairment losses recognised		**7,055**	**12,769**	**19,824**
Transfer to credit-impaired		**(878)**	**878**	**–**
As at 31 December 2024	(i)	**12,475**	**40,251**	**52,726**

The following significant changes in the gross carrying amounts of trade receivables contributed to the increase in the loss allowance:

– Increase in the impairment loss allowance for the years ended 31 December 2024 and 2023 was mainly due to deterioration of ageing profile of trade receivables beyond 2 years.

(i) As at 31 December 2024, approximately RMB20,500,000 (2023: RMBnil) of the gross carrying amount of trade receivables was individually determined to be impaired. The allowances for doubtful debts of approximately RMB52,487,000 (2023: RMB32,996,000) and approximately RMB239,000 (2023: RMBnil) for trade receivables recognised as at 31 December 2024, were made at each reporting date based on a collective group basis assessment and an individual basis assessment respectively by their ageing, PD, LGD, customers' financial position and both the current and forecast general economic conditions.

5. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit Risk (continued)

Impairment of other receivables

There was no recent history of default for financial assets included in deposit and other receivables. The Group has assessed that the ECL of deposits and other receivables is insignificant at the end of the reporting period under 12-month ECL model and therefore, in the opinion of directors of the Company, no loss allowance was recognised.

(c) Liquidity Risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis, based on undiscounted cash flows, of the Group's financial liabilities is as follows:

As at 31 December 2024	**Less than 1 year RMB'000**	**Between 1 and 2 years RMB'000**	**Between 2 and 5 years RMB'000**	**Total RMB'000**
Trade and other payables	**122,994**	**–**	**–**	**122,994**
	122,994	**–**	**–**	**122,994**

As at 31 December 2023	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
Lease liabilities	55	55	23	133
Trade and other payables	132,966	–	–	132,966
	133,021	55	23	133,099

(d) Interest Rate Risk

The Group's interest-bearing financial instruments at variable rates at 31 December 2024 and 2023 are cash at bank, and the cash flow interest risk arising from the change of market interest rate on these balances is not considered significant.

The Group's interest-bearing financial instruments at fixed rates as at 31 December 2024 and 2023 are financial assets at FVTPL and exposed to fair value interest rate risk. No sensitivity analysis is presented since the directors consider the exposure of fair value interest rate risk arising from fixed rate financial assets at FVTPL will not be significant in the near future.

Overall, the Group's exposure to interest rate risk is not significant.

5. FINANCIAL RISK MANAGEMENT (continued)

(e) Categories of Financial Instruments

	2024 RMB'000	2023 RMB'000
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)	**347,201**	374,862
Mandatorily measured at FVTPL	**6,005**	114,115
Financial liabilities:		
Financial liabilities at amortised cost	**122,994**	133,099

(f) Fair Values

The carrying amounts of the Group's financial assets and financial liabilities at amortised cost as reflected in the consolidated statement of financial position approximate their respective fair values.

6. FAIR VALUE MEASUREMENTS

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 following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

6. FAIR VALUE MEASUREMENTS (continued)

(a) Disclosures of level in fair value hierarchy as at 31 December 2024:

	Fair value measurements using			
	Level 1: RMB'000	**Level 2: RMB'000**	**Level 3: RMB'000**	**Total RMB'000**
Recurring fair value measurements:				
Financial assets at FVTPL				
Wealth Management Product	**–**	**6,005**	**–**	**6,005**
Total recurring fair value measurements	**–**	**6,005**	**–**	**6,005**

Disclosures of level in fair value hierarchy as at 31 December 2023:

	Fair value measurements using			
	Level 1: RMB'000	Level 2: RMB'000	Level 3: RMB'000	Total RMB'000
Recurring fair value measurements:				
Financial assets at FVTPL				
Convertible notes issued by a company listed in Australia	–	43,917	–	43,917
Wealth Management Product	–	70,198	–	70,198
Total recurring fair value measurements	–	114,115	–	114,115

6. FAIR VALUE MEASUREMENTS (continued)

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. In estimating the fair value of convertible notes issued by a company listed in Australia, the Group engages independent qualified valuers to perform the valuation. The Group's financial controller works closely with the qualified external valuers to determine the appropriate valuation techniques and inputs used in fair value measurements. The Group's financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the Group's financial controller and the Board of Directors at least twice a year.

Level 2 Fair Value Measurements

Description	**Valuation technique**	**Inputs**	**Fair value 2024 RMB'000**
Wealth Management Product	Estimated redeemable amount	Daily quotation published by the financial institution	**6,005**

Description	**Valuation technique**	**Inputs**	Fair value 2023 RMB'000
Convertible notes issued by a company listed in Australia	Binominal option pricing model	(i) Risk-free rate (ii) Discount rate (iii) Expected volatility	43,917
Wealth Management Product	Discounted cash flow	(i) Expected annual return (ii) Discount rate	70,198

7. REVENUE

The principal activities of the Group are the provision of property management services, value-added services to non-property owners, community value-added services, and other business.

Revenue represents income from property management services, value-added services to non-property owners, community value-added services and income from hotel business.

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers:		
Property management services	**196,186**	186,979
Value-added services to non-property owners	**12,686**	36,342
Community value-added services	**18,787**	18,555
Hotel business		
– Rooms operation services	**18,208**	18,592
– Sales of food and beverage	**107**	176
	245,974	260,644
Revenue from other sources:		
Hotel business		
– Leasing of commercial shopping arcades (Note (ii))	**1,575**	1,718
	1,575	1,718
Total revenue	**247,549**	262,362
Type of customers:		
External customers	**201,440**	208,970
Related parties	**44,534**	51,674
	245,974	260,644

Notes:

(i) For the year ended 31 December 2024, the revenue from Hangzhou Xingfu Jian Holdings Co., Ltd ("**Xingfu Jian Holdings**") (Formerly known as Zhejiang Sundy Holdings Co., Ltd) and its subsidiaries (collectively, "**Xingfu Jian Holdings Group**"), related parties of the Group, accounted for 16% (2023: 20%) of the Group's revenue. The Group has a large number of customers in addition to Xingfu Jian Holdings Group, but none of them accounted for more than 10% or more of the Group's revenue during the years ended 31 December 2024 and 2023.

(ii) Leasing of commercial shopping arcades represent lease income relating to variable lease payments, which are based on its revenue from hotel operation and rental income.

7. REVENUE (continued)

Disaggregation of revenue from contracts with customers:

The major operating entities of the Group are domiciled in the PRC. Accordingly, all the Group's revenue was derived in the PRC for the years ended 31 December 2024 and 2023.

For the year ended 31 December 2024	**Property management services RMB'000**	**Value-added services to non-property owners RMB'000**	**Community value-added services RMB'000**	**Hotel business – rooms operation services and sales of food and beverage RMB'000**	**Total RMB'000**
Timing of revenue recognition					
At a point in time	**–**	**–**	**–**	**107**	**107**
Over time	**196,186**	**12,686**	**18,787**	**18,208**	**245,867**
	196,186	**12,686**	**18,787**	**18,315**	**245,974**

For the year ended 31 December 2023	Property management services RMB'000	Value-added services to non-property owners RMB'000	Community value-added services RMB'000	Hotel business – rooms operation services and sales of food and beverage RMB'000	Total RMB'000
Timing of revenue recognition					
At a point in time	–	–	–	176	176
Over time	186,979	36,342	18,555	18,592	260,468
	186,979	36,342	18,555	18,768	260,644

7. REVENUE (continued)

Revenue expected to be recognised in the future arising from the remaining performance obligation (unsatisfied or partially unsatisfied) at the end of respective periods

For property management services and value-added services to non-property owners, the Group recognises revenue in the amount to which the Group has the right to invoice that corresponds directly with the value of the performance completed to date. The Group has elected the practical expedient whereby it does not disclose the remaining performance obligations for these types of contracts. The majority of the property management agreements do not have a fixed term. The terms of the contracts for value-added services to non-property owners are generally set to expire when the counterparties notify the Group that the services are no longer required and has an original expected duration of one year or less. For community value-added services and rooms operation services in hotel business, services are rendered in a short period of time. For sales of food and beverage in hotels, the performance obligation is satisfied when the control of the food and beverage products is transferred, being at the point when the customer purchases the food and beverage items.

As permitted under IFRS 15, the Group does not disclose the remaining performance obligations for these types of contracts with reasons as disclosed above.

8. SEGMENT INFORMATION

(a) Segment Reporting

The Group manages its businesses by divisions, which are organised by business lines, including property management services and the corresponding value-added services, and hotel business. In a manner consistent with the way in which information is reported internally to the Group's CODM for the purposes of resource allocation and performance assessment, the Group has presented the following segments.

– Property management services and the corresponding value-added services: this segment includes revenue generated from property management services, value-added services to non-property owners and community value-added services, including consulting and pre-delivery service, and other services.

– Hotel business services: this segment includes revenue generated from hotel rooms operation services, leasing of commercial shopping arcades located within the hotel buildings, as well as provision of food and beverage and ancillary services in such premises.

8. SEGMENT INFORMATION (continued)

(b) Segment Results, Assets and Liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets managed directly by the segments. Segment liabilities include all contract liabilities, trade and other payables, lease liabilities and other liabilities attributable to the business operation and managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. The measure used for reporting segment profit is profit before taxation. In addition to receiving segment information concerning profit before taxation, management is provided with segment information concerning revenue (including inter-segment sales), interest income, interest expenses, depreciation and amortisation, loss on disposal of a subsidiary, loss on disposal/written off of property, plant and equipment, impairment losses, share of profit/(loss) arising from the activities of the Group's joint ventures and an associate, income tax expense, investment in joint ventures, investment in an associate and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

8. SEGMENT INFORMATION (continued)

(b) Segment Results, Assets and Liabilities (continued)

Segment revenue and results

For the year ended 31 December 2024

	Property management services and the corresponding value-added services RMB'000	**Hotel business services RMB'000**	**Total RMB'000**
Revenue from external customers	**227,659**	**19,890**	**247,549**
Inter-segment sales	**–**	**–**	**–**
Reportable segment revenue	**227,659**	**19,890**	**247,549**
Segment profit	**8,913**	**3,527**	**12,440**

For the year ended 31 December 2023

	Property management services and the corresponding value-added services RMB'000	Hotel business services RMB'000	Total RMB'000
Revenue from external customers	241,876	20,486	262,362
Inter-segment sales	2	56	58
Reportable segment revenue	241,878	20,542	262,420
Segment profit	16,296	827	17,123

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8. SEGMENT INFORMATION (continued)

(b) Segment Results, Assets and Liabilities (continued)

Segment assets and liabilities

As at 31 December 2024

	Property management services and the corresponding value-added services RMB'000	Hotel business services RMB'000	Reconciling items RMB'000	Total RMB'000
Segment assets	**535,776**	**13,816**	**–**	**549,592**
Segment liabilities	**153,260**	**3,164**	**–**	**156,424**

As at 31 December 2023

	Property management services and the corresponding value-added services RMB'000	Hotel business services RMB'000	Reconciling items RMB'000	Total RMB'000
Segment assets	550,828	20,032	(8,500)	562,360
Segment liabilities	165,581	12,730	(8,500)	169,811

8. SEGMENT INFORMATION (continued)

(b) Segment Results, Assets and Liabilities (continued)

Other segment information

For the year ended 31 December 2024	Property management services and the corresponding value-added services RMB'000	Hotel business services RMB'000	Total RMB'000
Depreciation of property, plant and equipment	(6,832)	(2,161)	(8,993)
Amortisation of intangible assets	(588)	(75)	(663)
Loss on disposal of a subsidiary	(1,657)	–	(1,657)
Interest income	2,004	24	2,028
Interest expenses	(84)	–	(84)
Impairment loss on trade receivables	(19,741)	(83)	(19,824)
Share of loss of joint ventures	(1,253)	–	(1,253)
Share of profit of an associate	506	–	506
Income tax expense	(4,470)	(178)	(4,648)
Investment in joint ventures	900	–	900
Investment in an associate	5,927	–	5,927
Additions to non-current assets	522	73	595

8. SEGMENT INFORMATION (continued)

(b) Segment Results, Assets and Liabilities (continued)

Other segment information (continued)

For the year ended 31 December 2023	Property management services and the corresponding value-added services	Hotel business services	Total
	RMB'000	RMB'000	RMB'000
Depreciation of property, plant and equipment	(4,025)	(4,468)	(8,493)
Depreciation of right-of-use assets	(75)	–	(75)
Amortisation of intangible assets	(609)	(42)	(651)
Amortisation on financial guarantee contracts	5,857	–	5,857
Loss on disposal/written off of property, plant and equipment	(1)	–	(1)
Interest income	3,289	19	3,308
Interest expenses	(102)	–	(102)
Impairment loss on trade receivables	(13,259)	(454)	(13,713)
Share of loss of joint ventures	(234)	–	(234)
Share of loss of an associate	(353)	–	(353)
Income tax expense	(5,131)	(29)	(5,160)
Investment in joint ventures	2,153	–	2,153
Investment in an associate	5,421	–	5,421
Additions to non-current assets	1,147	425	1,572

Information about non-current assets

The Group's non-current assets, excluding financial assets at fair value through profit or loss, were located in the PRC at the end of each reporting period.

9. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Government grants	**899**	142
Commission income on financial guarantee in 2022	**–**	1,327
Commission income on financial guarantee in 2023	**–**	300
Amortisation on financial guarantee contract	**–**	5,857
Others	**23**	969
	922	8,595

10. OTHER GAINS AND LOSSES, NET

	2024 RMB'000	2023 RMB'000
Exchange gain	**–**	127
Net gain on early termination of a right-of-use asset	**10**	15
Gain on change in fair value on financial assets at fair value through profit or loss	**3,496**	198
Loss of disposal of a subsidiary	**(1,657)**	–
Others	**(124)**	(213)
	1,725	127

11. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest expenses on lease liabilities	**–**	18
Interest expense to a related party	**84**	84
	84	102

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12. INCOME TAX EXPENSE

	2024	2023
	RMB'000	RMB'000
Current tax – PRC Enterprise Income Tax ("**EIT**")		
– Provision for the year	**8,490**	8,527
Deferred tax (Note 33)	**(3,842)**	(3,367)
	4,648	5,160

The reconciliation between income tax expense and the product of profit before tax at applicable tax rates is as follows:

	2024	2023
	RMB'000	RMB'000
Profit before taxation	**12,440**	17,123
Tax on profit before taxation, calculated at the rates applicable to the tax jurisdictions concerned (Note (i))	**3,965**	4,946
Tax effect of income not taxable for tax purposes	**(394)**	(1,871)
Tax effect of expenses not deductible for tax purposes	**1,015**	148
Tax effect of share of results of joint ventures and an associate	**37**	117
Tax effect of utilisation of tax losses not previously recognised	**(140)**	(85)
Tax effect of tax losses not recognised	**165**	1,905
	4,648	5,160

Note:

(i) Pursuant to the rules and regulations of the Cayman Island and the British Virgin Islands (the "**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

For the years ended 31 December 2024 and 2023, Hong Kong Profits Tax is calculated under two-tier profits tax system where the first HK$2 million of estimated assessable profits is taxed at a reduced rate of 8.25% and the remaining of estimated assessable profits is taxed at 16.5%. No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to the tax during the years ended 31 December 2024 and 2023.

Under the Law of the People's Republic of China on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. During the year, certain subsidiaries of the Group are entitled to a preferential income tax rate of 20% (2023: 20%) for small and micro enterprises with the first RMB1 million of annual taxable income eligible for 75% (2023: 75%) reduction and the income between RMB1 million and RMB3 million eligible for 75% (2023: 75%) reduction.

13. PROFIT FOR THE YEAR

The Group's Profit for the year is stated after charging the following:

	2024 RMB'000	2023 RMB'000
Cost of inventories recognised as an expense	**958**	1,093
Auditor's remuneration		
– audit services	**1,400**	1,570
– non-audit services	**300**	550
Depreciation of property, plant and equipment	**8,993**	8,493
Depreciation of right-of-use assets	**–**	75
Amortisation of intangible assets	**663**	651
Expenses related to short-term lease	**128**	701
Variable lease payments not included in the measurement of lease liabilities	**4,546**	4,717
Impairment loss on trade receivables (Note (i))	**19,824**	13,713
Loss on disposal/written off of property, plant and equipment	**–**	1
Directors' remuneration (Note 14)	**1,910**	1,964
Other staff costs	**51,467**	61,551
Retirement benefits scheme contributions, excluding directors (Note (ii))	**7,272**	8,989
Total staff costs	**60,649**	72,504

Notes:

(i) Impairment loss on trade receivables includes provision of loss allowance of related parties of approximately RMB10,965,000 (2023: reversal of loss allowance of RMB6,328,000) and provision of loss allowance of independent third parties of approximately RMB8,859,000 (2023: RMB20,041,000) for the year ended 31 December 2024.

(ii) Employees of the Group's PRC subsidiaries are required to participate in a defined contribution scheme administered and operated by the local municipal governments. The Group's PRC subsidiaries contribute funds to the scheme to fund the retirement benefits of the employees. The contributions are calculated based on a certain percentage of the employees' salaries as agreed by the local municipal governments. The Group's PRC subsidiaries and its employees are required to make monthly contributions. The only obligation of the Group with respect to the defined contribution scheme is to make the required contribution to the scheme. There is no forfeited contribution under the defined contribution scheme available to reduce the existing level of contributions in future years.

The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the annual contributions described above.

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND THE FIVE HIGHEST PAID EMPLOYEES

For the year ended 31 December 2024	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive Directors					
Zhu Yihua (Chief Executive Officer)	–	765	229	18	1,012
Yu Yun (Chairman)	–	232	–	63	295
Zhu Congyue	–	195	67	8	270
Zhang Zhenjiang	–	–	–	–	–
Independent Non-Executive Directors					
Zhang Jingzhong (Note (i))	–	–	–	–	–
Lau Kwok Fai Patrick (Note (ii))	–	–	–	–	–
Ye Qian	111	–	–	–	111
Zhu Haoxian (Note (iii))	111	–	–	–	111
Huang Enze (Note (iv))	111	–	–	–	111
Total	333	1,192	296	89	1,910

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND THE FIVE HIGHEST PAID EMPLOYEES (continued)

For the year ended 31 December 2023	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive Directors					
Zhu Yihua (Chief Executive Officer) (Note (vi))	–	689	229	17	935
Yu Yun (Chairman)	–	272	–	60	332
Cheng Huayong (Note (v))	–	120	–	2	122
Zhu Jin (Note (vii))	–	70	–	–	70
Zhu Congyue (Note (viii))	–	113	18	4	135
Zhang Zhenjiang (Note (ix))	–	–	–	–	–
Independent Non-Executive Directors					
Zhang Jingzhong (Note (i))	115	–	–	–	115
Xu Rongnian (Note (x))	98	–	–	–	98
Lau Kwok Fai Patrick (Note (ii))	146	–	–	–	146
Ye Qian (Note (xi))	11	–	–	–	11
Total	370	1,264	247	83	1,964

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for the services as directors of the Company.

The discretionary bonus is determined based on the performance of individual and market trend for the years ended 31 December 2024 and 2023.

No directors waived any emoluments for both years.

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND THE FIVE HIGHEST PAID EMPLOYEES (continued)

Notes:

(i) Mr. Zhang Jingzhong resigned as an independent non-executive director of the Company on 4 January 2024.

(ii) Mr. Lau Kwok Fai Patrick resigned as an independent non-executive director of the Company on 4 January 2024.

(iii) Mr. Zhu Haoxian was appointed as an independent non-executive director of the Company on 4 January 2024.

(iv) Mr. Huang Enze was appointed as an independent non-executive director of the Company on 4 January 2024.

(v) Mr. Cheng Huayong resigned as an executive director of the Company on 14 April 2023.

(vi) Mr. Zhu Yihua was appointed as the chief executive officer of the Company on 2 June 2023.

(vii) Ms. Zhu Jin resigned as an executive director and the chief executive officer of the Company on 2 June 2023.

(viii) Mr. Zhu Congyue was appointed as an executive director of the Company on 2 June 2023.

(ix) Mr. Zhang Zhenjiang was appointed as an executive director of the Company on 4 July 2023.

(x) Mr. Xu Rongnian resigned as independent non-executive director of the Company on 24 November 2023.

(xi) Ms. Ye Qian was appointed as independent non-executive director of the Company on 24 November 2023.

The five highest paid individuals in the Group during the year included one (2023: two) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining four (2023: three) individuals are set out below:

	2024 **RMB'000**	2023 RMB'000
Salaries, allowance, and benefits-in-kind	**1,259**	880
Discretionary bonuses	**292**	217
Retirement scheme contributions	**33**	22
	1,584	1,119

The emoluments of the four (2023: three) individuals with the highest emoluments are within the following bands:

	Number of employees	
	2024	2023
Nil to HKD1,000,000	**4**	3

During the year, no emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the profit for the year attributable to the owners of the Company of approximately RMB2,941,000 (2023: RMB9,358,000) and on the weighted average number of shares in issue during the year of approximately 3,840,000,000 (2023: 3,208,767,123).

The calculation of the basic earnings per share is based on the following:

	2024 **RMB'000**	2023 RMB'000
Earnings:		
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	**2,941**	9,358

	2024	2023
Number of shares:		
Issued ordinary shares as at 1 January	**3,840,000,000**	3,200,000,000
Effect of issue of shares upon share subscriptions	**–**	8,767,123
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**3,840,000,000**	3,208,767,123

No diluted earnings per share is presented as the Company had no potential ordinary shares outstanding for the years ended 31 December 2024 and 2023.

16. DIVIDENDS

The Board of Directors does not recommend the payment of any dividend for the years ended 31 December 2024 and 2023.

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FOR THE YEAR ENDED 31 DECEMBER 2024

17. PROPERTY, PLANT AND EQUIPMENT

	Equipment and furniture RMB'000	Electronic equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Leasehold improvement RMB'000	Total RMB'000
COST						
As at 1 January 2023	1,965	5,274	350	18,868	25,731	52,188
Additions	280	611	84	–	597	1,572
Transfer (Note (i))	–	18,868	–	(18,868)	–	–
Disposal/write-off	–	(10)	–	–	–	(10)
As at 31 December 2023 and 1 January 2024	2,245	24,743	434	–	26,328	53,750
Additions	335	179	–	–	81	595
Disposal of a subsidiary (Note 40)	(39)	–	(3)	–	–	(42)
Disposal/write-off	–	(20)	(3)	–	–	(23)
As at 31 December 2024	**2,541**	**24,902**	**428**	**–**	**26,409**	**54,280**
ACCUMULATED DEPRECIATION						
As at 1 January 2023	1,642	3,303	167	–	13,539	18,651
Provided for the year	68	3,063	67	–	5,295	8,493
Eliminated on disposal/write-off	–	(9)	–	–	–	(9)
As at 31 December 2023 and 1 January 2024	1,710	6,357	234	–	18,834	27,135
Provided for the year	159	6,206	63	–	2,565	8,993
Disposal of a subsidiary (Note 40)	(34)	–	(1)	–	–	(35)
Eliminated on disposal/write-off	–	(20)	(3)	–	–	(23)
As at 31 December 2024	**1,835**	**12,543**	**293**	**–**	**21,399**	**36,070**
CARRYING VALUES						
As at 31 December 2024	**706**	**12,359**	**135**	**–**	**5,010**	**18,210**
As at 31 December 2023	535	18,386	200	–	7,494	26,615

Notes:

(i) In order to improve the quality of property management services, the Group acquired electronic equipment of approximately RMB18,868,000 such as "Smart Community SaaS Platform, Data Display Screen, Smart Community (property owner's mobile application)." The electronic equipment is expected to have a useful life of 3 years and is assessed for impairment at the end of each reporting period. Based on the management's assessment, no impairment loss was recorded for the years ended 31 December 2024 and 2023.

18. GOODWILL

	RMB'000
COST	
As at 1 January 2023, 31 December 2023 and 1 January 2024	1,242
Disposal of a subsidiary (Note 40)	(1,242)
As at 31 December 2024	–
ACCUMULATED IMPAIRMENT LOSSES	
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	–
CARRYING VALUE	
As at 31 December 2024	**–**
As at 31 December 2023	1,242

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating unit ("**CGU**") that is expected to benefit from that business combination. Goodwill of approximately RMB1,242,000 arose and intangible asset of approximately RMB4,400,000 was acquired through the acquisition of Sundy Lvgang (Taizhou) Service Co., Ltd. (宋都旅港(台州)物業服務有限公司) ("**Sundy Lvgang**") during the year ended 31 December 2022. These goodwill and intangible asset were belonged to the CGU of provision of property management services.

Goodwill is tested annually for impairment. The recoverable amount of the CGU was determined on the basis of its value in use using discounted cash flow method. The key assumptions for the discounted cash flow method were the discount rate, growth rates and budgeted gross margin and revenue during the period. The Group estimated discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates were based on long-term average economic growth rate of the geographical area in which the businesses of the CGU operated. Budgeted gross margin and revenue were based on past practices and expectations on market development.

For the year ended 31 December 2023, the Group prepared cash flow forecasts derived from the most recent financial budgets approved by the Directors for the next five years. Key assumptions used by the management in the value in use calculations of the CGU included discount rate, growth rates and budgeted gross profit margin. The pre-tax discount rate used for the estimated value in use is 13.24%.

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18. GOODWILL (continued)

Goodwill allocated to the CGU and key assumptions used in calculation of recoverable amounts of the CGU are set out below:

As at 31 December 2023

CGU	Principal activities	Goodwill RMB'000	Annual revenue growth rate (Note (i))	Terminal growth rate (Note (ii))	Pre-tax discount rate (Note (iii))
Sundy Lvgang (Taizhou)	Provision of property management services	1,242	0%	3%	13.24%

Notes:

(i) Annual revenue growth rate is based on the existing charge rates and revenue-bearing gross floor area of the properties.

(ii) Terminal growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

(iii) The management of the Group considered market and industry data to develop the weighted average cost of capital for the value-in-use calculation.

The management of the Group determined that there was no impairment of the CGU containing goodwill for the acquisition of business during the preceding year. The management also considered that any reasonably possible change in any of the assumptions would not cause the recoverable amount of goodwill below its carrying amount.

19. INTANGIBLE ASSETS

	Trademark use rights* RMB'000	Customer relationship** RMB'000	Software RMB'000	Total RMB'000
COST				
As at 1 January 2023, 31 December 2023 and 1 January 2024	416	4,400	673	5,489
Disposal of a subsidiary (Note 40)	–	(4,400)	–	(4,400)
As at 31 December 2024	**416**	**–**	**673**	**1,089**
ACCUMULATED AMORTISATION				
As at 1 January 2023	235	400	276	911
Provided for the year	42	400	209	651
As at 31 December 2023 and 1 January 2024	277	800	485	1,562
Provided for the year	75	400	188	663
Disposal of a subsidiary (Note 40)	–	(1,200)	–	(1,200)
As at 31 December 2024	**352**	**–**	**673**	**1,025**
CARRYING VALUE				
As at 31 December 2024	**64**	**–**	**–**	**64**
As at 31 December 2023	139	3,600	188	3,927

* On 18 May 2017, the Group entered into a Trademark Use Rights Agreement with Atour Hotel (Shanghai) Hotel Management Co., Ltd. ("**Atour Hotel**") (亞朵（上海）酒店管理有限公司). The agreement allows the Group to use the trademark "亞朵" of Atour Hotel as its brand for a certain number of hotel rooms for 10 years.

** The customer relationship is the property service agreement with 台州市路橋旅港同鄉置業有限公司 in relation to the property service for the "青年產業園" project. The average remaining amortisation period of the customer relationship is 5.5 years. As at 31 December 2023, the Group conducted review of the recoverable amount of the customer relationship. The Group's impairment test on goodwill with reference to the recoverable amount of the CGU also covered the impairment test of customer relationship belonged to the same CGU. The details of impairment assessment are disclosed in note 18 to the consolidated financial statements.

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20. RIGHT-OF-USE ASSETS

	2024 **RMB'000**	2023 RMB'000
As at 31 December:		
Right-of-use assets		
– Land and buildings	**–**	112
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
– Less than 1 year	**–**	55
– Between 1 and 2 years	**–**	55
– Between 2 and 5 years	**–**	23
	–	133
Year ended 31 December:		
Depreciation charge of right-of-use assets		
– Land and buildings	**–**	75
Lease interests	**–**	18
Expenses related to short-term leases	**128**	701
Variable lease payments not included in the measurement of lease liabilities	**4,546**	4,717
Total cash outflow for leases	**4,674**	5,511
Additions to right-of-use assets	**–**	–

The Group leases certain buildings for its office, business operation and rental services. The lease terms are 4 and 5 years.

The Group regularly entered into short-term leases for staff quarter. At 31 December 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

21. INVESTMENT IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000
Share of net assets	**900**	2,153

Details of the joint ventures, which are unlisted incorporated entities whose quoted market price is not available, at the end of each reporting period are as follows:

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
		2024	2023	**2024**	2023	
Hangzhou Honghe Environmental Engineering Co., Ltd.* 杭州宏合環境工程有限公司	PRC	**40%**	40%	**50%**	50%	Provision of property management services in the PRC
Ningbo Songjie Enterprise Management Partnership (Limited Partnership)* 寧波宋捷企業管理合夥企業（有限合夥）	PRC	**50%**	50%	**50%**	50%	Provision of property management services in the PRC

* English name for identification only

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

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial joint ventures that are accounted for using the equity method.

	2024 RMB'000	2023 RMB'000
Year ended 31 December:		
Loss for the year	**(1,253)**	(234)
Other comprehensive income	**–**	–
Total comprehensive expense	**(1,253)**	(234)

22. INVESTMENT IN AN ASSOCIATE

	2024 RMB'000	2023 RMB'000
Share of net assets	**5,927**	5,421

Below is the information of the associate. The associate, which is an unlisted incorporated entity whose quoted market price is not available, is accounted for in the consolidated financial statements using the equity method.

Name	Principal place of business/country of incorporation	Principal activities	% of ownership interests/voting rights held by the Company 2024	2023
Níngbo He Cheng City Services Development Company Limited* 寧波和晟城市服務發展有限公司	The PRC	Provision of property management services in the PRC	**30%/30%**	30%/30%

* English name for identification only.

Summarised financial information of an associate

Summarised financial information in respect of the Group's associate at the end of each reporting period is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Current assets	**22,850**	20,829
Non-current assets	**13,472**	13,252
Current liabilities	**(2,005)**	(1,451)
Non-current liabilities	**(14,560)**	(14,560)
Equity	**19,757**	18,070

	2024 RMB'000	2023 RMB'000
Year ended 31 December:		
Revenue	**29,709**	14,559
Profit/(loss) for the year	**1,687**	(1,177)
Other comprehensive income	**–**	–
Total comprehensive income/(expense)	**1,687**	(1,177)

22. INVESTMENT IN AN ASSOCIATE (continued)

Summarised financial information of an associate (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Net assets	**19,757**	18,070
Proportion of the Group's ownership interest in the associate	**30%**	30%
Carrying amount of the Group's interest in the associate	**5,927**	5,421

23. INVENTORIES

	2024	2023
	RMB'000	RMB'000
Consumables	**188**	379

24. TRADE AND OTHER RECEIVABLES

		2024	2023
	Notes	**RMB'000**	RMB'000
Trade receivables			
– Related parties	(a)	**71,114**	129,897
– Third parties	(a)	**124,163**	105,375
Less: loss allowance	(a)	**(52,726)**	(32,996)
		142,551	202,276
Other debtors			
– Related parties		**5,538**	8,616
– Third parties	(b)	**16,204**	7,899
		21,742	16,515
Deposits and prepayments			
– Others	(c)	**5,980**	16,173
		170,273	234,964
Less: deposits and prepayments under non-current asset			
– Others		**–**	(4,651)
Presented under current assets		**170,273**	230,313

Notes:

(a) Trade receivables are primarily related to revenue recognised from the provision of property management services, value-added services to non-property owners, community value-added services and hotel business.

As at 1 January 2023, trade receivables from contract with customers amounted to approximately RMB177,593,000 (net of loss allowance of approximately RMB19,283,000).

24. TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

(a) (continued)

The allowances for doubtful debts of approximately RMB52,504,000 (2023: RMB32,996,000) and RMB222,000 (2023: RMBnil) for trade receivables recognised as at 31 December 2024, were made at each reporting date with reference to an expected credit loss assessment provided by an independent professional valuer, based on a collective group basis assessment by ageing of trade receivables and individual assessment respectively.

The ageing analysis of trade receivables based on the date of revenue recognition and net of loss allowance is as follows:

	2024	2023
	RMB'000	RMB'000
Related parties		
0 to 180 days	**19,736**	21,402
181 to 365 days	**22,329**	17,805
1 to 2 years	**16,189**	56,101
2 to 3 years	**–**	27,990
Over 3 years	**–**	4,704
Third parties		
0 to 180 days	**48,827**	31,195
181 to 365 days	**31,693**	23,565
1 to 2 years	**3,777**	19,514
Total	**142,551**	202,276

Trade receivables are due when the receivables are recognised.

On 26 March 2024, the Company entered into the acquisition of properties and debts settlement framework agreement with Sundy Land Group (as defined in the circular of the Company dated 24 May 2024), an associate of Mr. Yu Jianwu ("**Mr. Yu**"), which is a connected person of the Company (the "**Acquisition of Properties and Debts Settlement Framework Agreement**"). Pursuant to the Acquisition of Properties and Debts Settlement Framework Agreement, the Company agreed to acquire and the Sundy Land Group agreed to dispose of the Settlement Properties (as defined in the circular of the Company dated 24 May 2024) in an aggregate consideration of RMB100,050,000 which shall be offset against the total amount of the trade receivables under the Property Managements and the Service Agreements for the year ended 31 December 2023 which were due and remained outstanding as at 26 March 2024 on a dollar-for-dollar basis. The transaction was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 14 June 2024. The Settlement Properties acquired by the Group to offset the trade receivables, which constitutes a major non-cash transaction, were transferred to the Group during the last quarter of 2024. Details of the Acquisition of Properties and Debts Settlement Framework Agreement were disclosed in the circular of the Company dated 24 May 2024.

(b) Other debtors mainly include (i) deposit for properties management paid to property owners' associations amounted to RMB4,350,000 (2023: RMB4,100,000); (ii) value-added tax recoverable amounted to RMB7,252,000 (2023: RMBnil); (iii) consideration receivables for disposal of subsidiary amounted to RMB2,764,000 (2023: RMBnil); and (iv) other deposits for utilities service amounted to RMB506,100 (2023: RMB506,100).

The Group performs impairment assessment under expected credit loss on other receivables and deposits, which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. The ECL are assessed individually for debtors by reference to credit rating of the debtors and forward-looking information that is available without undue cost or effort. The management assessed and considered ECL provision for other receivables is insignificant and no loss allowance is recognised.

(c) Deposits and prepayments mainly include (i) prepayments for maintenance services amounted to RMB5,248,000 (2023: RMB15,160,000); and (ii) other deposits amounted to RMB225,000 (2023: RMB227,000).

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	RMB'000	RMB'000
Convertible notes issued by a company listed in Australia (Note (i))	**–**	43,917
Wealth Management Product (Note (ii))	**6,005**	70,198
	6,005	114,115

Notes:

(i) On 22 December 2023, the Company entered into the binding terms sheet in relation to the subscription of convertible notes with Black Cat Syndicate Limited ("**Black Cat**"), a company incorporated in Australia and listed on Australia Securities Exchange, pursuant to which the Company agreed to subscribe for the convertible notes in an aggregate amount of AUD$9,000,000 using internal resources. The convertible notes will mature on 31 March 2027 and can be converted at any time at the Company's discretion. Interest will be accrued daily at 10% per annum inclusive interest withholding tax and will be capitalised monthly up to 30 September 2024. Details of the subscription of convertible note were disclosed in the announcement of the Company dated 22 December 2023.

The convertible notes were early redeemed on 12 November 2024. Details of the redemption of convertible notes were disclosed in the announcement of the Company dated 12 November 2024.

(ii) On 29 November 2023, Hangzhou Sundy Property Management Co., Ltd. ("**Sundy Property**"), an indirect wholly-owned subsidiary of the Company, entered into an agency sales agreement for institutional wealth management product with Huaxia Bank Co., Ltd.* (華夏銀行股份有限公司), pursuant to which Sundy Property agreed to subscribe for the Huaxia Wealth Management Fixed-income Pure Debt Wealth Management Product No. 7F (華夏理財固定收益純債型日日開理財產品7號F) offered by Huaxia Wealth Management Co., Ltd* (華夏理財有限責任公司) (the "**Huaxia Wealth Management Product**") in an aggregate amount of RMB70,000,000 using internal resources. The Huaxia Wealth Management Product had non-fixed term, the expected annualised rate of return was 2.85% to 3.35% (non-guaranteed). Sundy Property redeemed the Huaxia Wealth Management Product on 3 January 2024 and the total gain on investment was approximately RMB217,000 with an average annualised rate of return of approximately 3.33%.

On 16 December 2024, Hangzhou Sundy Jiahe Hotel Management Co., Ltd. ("**Sundy Jiahe**") entered into an agency sales agreement for institutional wealth management product with Bank of Hangzhou Co., Ltd* (杭州銀行股份有限公司), pursuant to which Sundy Jiahe agreed to subscribe for the Bank of Hangzhou Wealth Management Happiness 99 tianyi 7-day Wealth Management Product (杭銀理財幸福99添益(安享優選)7天持有期理財) offered by Hangying Wealth Management Co., Ltd* (杭銀理財有限責任公司) (the "**Hangying Wealth Management Product**") in an aggregate amount of RMB6,000,000 using internal resources. The Hangying Wealth Management Product has non-fixed term, the expected annualised rate of return is 1.9% to 2.3% (non-guaranteed).

26. PROPERTIES HELD FOR SALE

	2024	2023
	RMB'000	RMB'000
Parking spots (Note (i))	**14,393**	8,696
Shops (Note (ii))	**122,744**	–
Basement (Note (iii))	**8,324**	–
	145,461	8,696

Notes:

(i) The parking spots were located in Hangzhou and Ningbo, the PRC.

(ii) The shops were located in Hangzhou and Tonglu, the PRC.

(iii) The basement were located in Tonglu, the PRC.

27. RESTRICTED BANK BALANCES

	2024 RMB'000	2023 RMB'000
Bank deposits restricted in use by regulators	**597**	–
Cash collected on behalf of the property owners' associations (Note (i))	**14,305**	9,149
	14,902	9,149

Note:

(i) The Group collects cash on behalf of the property owners' associations as part of its property management service business. Since the property owners' associations often face difficulties opening bank accounts, the Group opens and manages these bank accounts on behalf of the property owners' associations.

28. CASH AND CASH EQUIVALENTS

As at 31 December 2024, the bank and cash balances of the Group denominated in Renminbi ("**RMB**") amounted to RMB131,074,000 (2023: RMB126,733,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

29. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Contract liabilities		
Property management services	**22,531**	25,310
Value-added services to non-property owners	**57**	57
Community value-added services	**3,352**	6,457
	25,940	31,824
Transaction prices allocated to performance obligations unsatisfied at the end of year and expected to be recognised as revenue in:		
– 2025	**25,940**	–
– 2024	**–**	31,824
	25,940	31,824

29. CONTRACT LIABILITIES (continued)

The following table shows the amount of revenue recognised in the consolidated statement of profit or loss and comprehensive income for the respective years relating to contract liabilities brought forward:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**26,457**	13,615

When the Group receives advanced consideration from customers before the property management service activities commence, this will give rise to contract liabilities, until the revenue recognised on relevant contract upon provision of property management services.

All contract liabilities are expected to be recognised as revenue within one year.

30. TRADE AND OTHER PAYABLES

	Notes	2024	2023
		RMB'000	RMB'000
Trade payables			
– Related parties	(a)	**1,897**	449
– Third parties	(b)	**50,319**	61,446
		52,216	61,895
Other payables			
– Related party	(c)	**2,276**	2,192
– Deposits	(d)	**5,714**	5,603
– Other taxes and surcharges payable		**19**	515
– Cash collected on behalf of the property owners' associations		**14,305**	9,149
– Temporary receipts from property owners	(e)	**23,964**	28,819
– Others	(f)	**8,811**	8,081
		55,089	54,359
Accrued payroll and other benefits		**15,708**	17,227
		123,013	133,481

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

30. TRADE AND OTHER PAYABLES (continued)

Notes:

(a) The credit period granted by related parties (trade nature) to the Group ranges from 30 days to 90 days. The amounts due to related parties are unsecured and interest-free. Details of the amounts due to related parties are set out in Note 41.

(b) Trade payables mainly represent payables arising from sub-contracting services including cleaning, security, landscaping and maintenance services provided by suppliers. The credit period granted by third party suppliers to the Group ranges from 30 to 90 days during the years ended 31 December 2024 and 2023.

(c) The amount due to related party includes a loan of approximately RMB2,000,000 (2023: RMB2,000,000) which is unsecured, interest-bearing at 4.2% (2023: 4.2%) and repayable on or before 30 September 2025 (2023: repayable on or before 30 September 2024). The remaining balance is unsecured, interest-free and repayable on demand. Details of amount due to related party are set out in Note 41(c)(b).

(d) Deposits mainly represent miscellaneous decoration deposits received from property owners for the decoration period.

(e) Temporary receipts represent utility charges received from property owners on behalf of utility companies.

(f) The amounts mainly include (i) accruals for operating expenses of RMB4,216,000 (2023: RMB3,896,000); and (ii) advance from properties owners of RMB1,585,000 (2023: RMB1,585,000), which is unsecured, interest-free and repayable on demand.

The ageing analysis of trade payables, based on invoice date is as follows:

	2024	2023
	RMB'000	RMB'000
Related parties		
Within 1 year	**1,897**	1,159
Third parties		
Within 1 year	**28,899**	38,843
After 1 year but within 2 years	**3,060**	11,769
After 2 years but within 3 years	**9,361**	3,565
Over 3 years	**8,999**	6,559
	52,216	61,895

31. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within 1 year	**–**	55	**–**	48
After 1 year but within 2 years	**–**	55	**–**	51
After 2 years but within 5 years	**–**	23	**–**	23
	–	133	**–**	122
Less: Future finance charges	**–**	(11)		
Present value of lease liabilities	**–**	122		
Less: Amount due for settlement within 12 months (shown under current liabilities)			**–**	(48)
Amount due for settlement after 12 months			**–**	74

The effective interest rate of the Group's lease liabilities as at 31 December 2023 was 7.5%.

32. FINANCIAL GUARANTEE CONTRACT

	2024	2023
	RMB'000	RMB'000
At beginning of the year	**–**	5,857
Amortisation of financial guarantee provision	**–**	(5,857)
At end of the year	**–**	–

On 31 January 2022, in order to meet the financing needs of Sundy Property (an indirect wholly-owned subsidiary of the Company) and Xingfu Jian Holdings Group and requirements of some financial institutions on third party guarantees when financing, Sundy Property entered into the 2022 Cross-guarantee agreement with Xingfu Jian Holdings (for itself and as trustee for the benefit of other members of Xingfu Jian Holdings Group), pursuant to which Sundy Property and Xingfu Jian Holdings Group agreed to provide guarantee in respect of their borrowings or financing from banks or financial institutions for each other. The details refer to the announcements dated on 31 January 2022, 28 February 2022 and 25 March 2022. The respective accumulated amount under the cross-guarantee arrangement shall not exceed RMB150,000,000. The transactions were approved by the shareholders at the extraordinary general meeting held on 25 March 2022.

32. FINANCIAL GUARANTEE CONTRACT (continued)

Xingfu Jian Holdings Group drew down loan of RMB128,000,000 in April 2022 under the 2022 Cross-guarantee Agreement. Pursuant to the 2022 Cross-guarantee Agreement, Sundy Property is entitled to a commission fee of 4% which will be payable by Xingfu Jian Holdings Group for any amount of guarantee provided to Xingfu Jian Holdings Group, as well as any interest, fees, damages and enforcement expenses for breach of the relevant loan. For the year ended 31 December 2024, the Group recorded commission income of RMBnil (2023: RMB1,327,000) from the 2022 Cross-guarantee Agreement.

As the 2022 Cross-guarantee Agreement expired on 31 March 2023, on 18 January 2023, in order to meet the financing needs of Sundy Property and Xingfu Jian Holdings Group and requirements of some financial institutions on third-party guarantees when financing, Sundy Property entered into the 2023 Cross-guarantee Agreement with Xingfu Jian Holdings (for itself and as trustee for the benefit of other members of Xingfu Jian Holdings Group) to renew the terms of such continuing connected transaction for a term commencing on 1 April 2023 and expiring on 31 March 2024. Pursuant to the 2023 Cross-guarantee Agreement, Sundy Property and Xingfu Jian Holdings Group agreed to provide guarantee in respect of their borrowings or financing from banks or financial institutions for each other. The respective accumulated amount under the cross-guarantee arrangement shall not exceed RMB150,000,000. The transactions were approved by the shareholders at the extraordinary general meeting held on 30 March 2023. In April 2023, the RMB128,000,000 financial guarantee obligation was released due to the repayment of the loan by Xingfu Jian Holdings Group. As at 31 December 2023, the Group does not provide any amount of guarantee to the Xingfu Jian Holdings Group.

Pursuant to the 2023 Cross-guarantee Agreement, Sundy Property is entitled to a commission fee of 4% which will be payable by Xingfu Jian Holdings Group for any amount of guarantee provided to Xingfu Jian Holdings Group, as well as any interest, fees, damages and enforcement expenses for breach of the relevant loan. For the year ended 31 December 2024, the Group recorded commission income of RMBnil (2023: RMB300,000) from the 2023 Cross-guarantee Agreement.

During the year ended 31 December 2024, in the opinion of the directors, the Group did not provide any financial guarantees to either related parties or independent third parties.

33. DEFERRED TAX ASSETS/LIABILITIES

The following are the major deferred tax assets/(liabilities) recognised by the Group.

	Intangible asset	Impairment losses on trade receivables	Accrued expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	(1,000)	4,161	1,464	4,625
Credited to profit or loss	100	3,267	–	3,367
As at 31 December 2023 and 1 January 2024	(900)	7,428	1,464	7,992
Credited to profit or loss (Note 12)	100	3,742	–	3,842
Disposal of a subsidiary (Note 40)	800	(5)	–	795
As at 31 December 2024	**–**	**11,165**	**1,464**	**12,629**

The following is the analysis of the deferred tax balances (after offset) for consolidated statement of financial position purposes:

	2024	2023
	RMB'000	RMB'000
Deferred tax liabilities	**–**	(900)
Deferred tax assets	**12,629**	8,892
	12,629	7,992

The Group concluded that the deferred tax asset would be recoverable using the estimated future taxable income expected from 2024 and 2023 onwards based on the approved business plans and budgets for the subsidiary.

At the end of the reporting period the Group has unused tax losses of RMB13,522,000 (2023: RMB13,030,000) available for offset against future profits. No deferred tax asset has been recognised in respect of RMB13,522,000 (2023: RMB13,030,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB13,522,000 (2023: RMB13,030,000) that will expire from 2027 to 2029 (2023: 2026 to 2028).

All the tax losses of subsidiaries in the Mainland China can be carried forward for a maximum period of five years. Pursuant to the Notice No. 8 issued by the Ministry of Finance and the State Administration of Taxation of the PRC on 6 February 2020, the maximum carried forward period of the tax losses affected by COVID-19 in certain difficult industries, such as hotel industry, is extended from five years to eight years.

33. DEFERRED TAX ASSETS/LIABILITIES (continued)

According to the PRC's corporate income tax laws and implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to a 10% withholding tax, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008.

The Group has not recognised deferred tax liabilities as at 31 December 2024 in respect of undistributed earnings of RMB186,082,000 (2023: RMB183,001,000) as the Company controls the dividend policy of the subsidiaries and it has been determined that these profits will not be distributed in the foreseeable future.

34. SHARE CAPITAL

	Number of shares	**Amount equivalent to** RMB'000
Authorised:		
Shares of the Company with nominal value of USD0.00001 each		
As at 1 January 2023, 31 December 2023 and 31 December 2024	5,000,000,000	350
Issued and fully paid:		
As at 1 January 2023	3,200,000,000	208
Issue of shares upon share subscriptions (Note)	640,000,000	46
As at 31 December 2023, 1 January 2024 and 31 December 2024	**3,840,000,000**	**254**

Note:

On 16 May 2023, the Company entered into the subscription agreements with each of the subscribers, pursuant to which, the Company has conditionally agreed to allot and issue, and the subscribers have conditionally agreed to subscribe for, a total 640,000,000 subscription shares at the subscription Price of HK$0.05568 per subscription share for cash of HK$35,635,200. The Company received approximately RMB31,628,000 (net of issuance cost of approximately RMB760,000) from the share subscriptions. The completion of the subscription took place on 27 December 2023. Details of the subscription were disclosed in the announcements of the Company dated 16 May 2023 and 27 December 2023.

35. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 RMB'000	2023 RMB'000
Non-current assets		
Financial assets at fair value through profit or loss	–	43,917
Investment in an associate	5,927	5,421
Interest in subsidiaries	156,340	152,110
	162,267	201,448
Current assets		
Other receivables	49	208
Cash and cash equivalents	43,368	10,342
	43,417	10,550
Current liabilities		
Other payables	8,600	7,764
Amount due to subsidiaries	991	8,441
	9,591	16,205
Net current assets/(liabilities)	33,826	(5,655)
Total assets less current liabilities	196,093	195,793
Net assets	196,093	195,793
Capital and reserves		
Share capital	254	254
Reserves	195,839	195,539
Total equity	196,093	195,793

36. RESERVES

(a) Group

Share premium

Share premium represents the difference between the consideration and the par value of the issued and paid up shares of the Company.

Capital reserve

Capital reserve represents the reserve arose from the reorganisation of the Group for the purpose of the Company's Listing on the Stock Exchange.

36. RESERVES (continued)

(a) Group (continued)

PRC statutory reserves

Statutory reserves are established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC. These statutory reserves are established until the reserve balance reaches 50% of their registered capital. Transfers to this reserve must be made before distribution of a dividend to equity holders.

For the entities concerned, statutory reserves can be used to cover previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of equity holders, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements for operations outside of mainland China. The reserve is handled with in accordance with the accounting policies set out in note 3.

Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. The Group's overall strategy remained unchanged throughout the reporting periods.

The Group monitors its capital structure based on the adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing loans and lease liabilities) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital represents total equity attributable to equity shareholders of the Company, less unaccrued proposed dividends.

As at 31 December 2024 and 2023, the Group maintained at net cash position.

36. RESERVES (continued)

(b) Company

	Share premium RMB'000	Exchange reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
As at 1 January 2023	178,384	(377)	(10,000)	168,007
Loss for the year	–	–	(8,295)	(8,295)
Other comprehensive income	–	4,245	–	4,245
Total comprehensive income/(expense)	–	4,245	(8,295)	(4,050)
Issue of shares	31,582	–	–	31,582
As at 31 December 2023 and 1 January 2024	209,966	3,868	(18,295)	195,539
Loss for the year	–	–	537	537
Other comprehensive income	–	(237)	–	(237)
Total comprehensive (expense)/income	–	(237)	537	300
As at 31 December 2024	**209,966**	**3,631**	**(17,758)**	**195,839**

37. CAPITAL COMMITMENTS

The Group did not have any material capital commitments as at 31 December 2024 and 2023.

38. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2024 and 2023.

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Other payables – related party RMB'000	Lease liabilities RMB'000
As at 1 January 2023	2,108	418
Financing cash flows	–	(90)
Non-cash changes		
– Early termination	–	(224)
– Finance costs	84	18
As at 31 December 2023 and 1 January 2024	2,192	122
Non-cash changes		
– Early termination	–	(122)
– Finance costs	84	–
As at 31 December 2024	**2,276**	**–**

40. DISPOSAL OF A SUBSIDIARY

On 15 June 2024, the Group entered into an equity transfer agreement with Taizhou Lu Qiao Estate, an independent third party to dispose of its 51% equity interest in a subsidiary, namely Sundy Lvgang at an aggregate consideration of approximately RMB2,817,000 as at the date of disposal. The subsidiary provides property management services.

At the date of disposal, the major classes of assets and liabilities of the subsidiary are as follows:

	RMB'000
Consideration:	
Consideration received during:	
– current year	52
Consideration receivable	2,765
	2,817
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	7
Goodwill	1,242
Intangible assets	3,200
Deferred tax assets	5
Trade and other receivables	1,523
Bank balances and cash	4,727
Contract liabilities	(210)
Trade and other payables	(365)
Deferred tax liabilities	(800)
Intragroup balances	(895)
Net assets disposed of	8,434
Net loss on disposal of subsidiaries:	
Total consideration, net of transaction cost	2,817
Non-controlling interests	3,960
Net assets disposed of	(8,434)
Loss on disposal	(1,657)
Net cash inflow/(outflow) arising from disposal:	
Cash consideration received	52
Less: bank balances and cash disposed of	(4,727)
	(4,675)

41. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the Group entered into the following significant related party transactions for the year ended 31 December 2024.

(a) Name of and Relationship with Related Parties

During the year, transactions with the following parties are considered as related party transactions:

Name of related party	Relationship with the Group
Mr. Yu Jianwu 俞建午先生	Controlling shareholder of the Company
Xingfu Jian Holdings Group (formerly known as Sundy Holdings Group) including 杭州幸福健控股有限公司(前稱浙江宋都控股有限公司)及其附屬公司 including (i) Sundy Land and its subsidiaries 宋都股份及其附屬公司; and (ii) Zhejiang Zhizhonghe Industry Co., Ltd. ("**Zhizhonghe Industry**")* and its subsidiaries 浙江致中和實業有限公司及其附屬公司	Corporate controlled by Mr. Yu Jianwu
Tonglu Daqi County Real Estate Co., Ltd. 桐廬大奇山郡置業有限公司	Joint venture of Xingfu Jian Holdings
Zhoushan Rongdu Property Co., Ltd. 舟山榮都置業有限公司	Joint venture of Xingfu Jian Holdings
Greenland Holdings Corporation Hangzhou Twin Towers Property Co., Ltd. 綠地控股集團杭州雙塔置業有限公司	Joint venture of Xingfu Jian Holdings
Liuzhou Shuangdu Real Estate Co., Ltd. 柳州雙都置業有限公司	Joint venture of Xingfu Jian Holdings
Guzhang Daying Mining Co., Ltd. 古丈大盈礦業有限公司	Joint venture of Xingfu Jian Holdings
Quzhou Ronsheng Property Co., Ltd. 衢州融晟置業有限公司	Associate of Xingfu Jian Holdings
Zhoushan Hongdu Real Estate Co., Ltd. 舟山弘都置業有限公司	Associate of Xingfu Jian Holdings
Shaoxing Guangdu Real Estate Development Co., Ltd. 紹興廣都房地產開發有限公司	Associate of Xingfu Jian Holdings
Guigang Dalong Property Co., Ltd. 貴港大龍置業有限公司	Associate of Xingfu Jian Holdings

41. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Name of and Relationship with Related Parties (continued)

Name of related party	Relationship with the Group
Hangzhou Jinxing Real Estate Development Co., Ltd. 杭州金興房地產開發有限公司	Associate of Xingfu Jian Holdings
Hangzhou Xuandu Real Estate Development Co., Ltd. 杭州軒都房地產開發有限公司	Associate of Xingfu Jian Holdings
Ningbo Fenghua Huaqi Real Property Co., Ltd. 寧波奉化花祺置業有限公司	Associate of Xingfu Jian Holdings
Hangzhou Sundy Yangguang Kindergarten Co., Ltd (“**Sundy Yangguang Kindergarten**”) 杭州宋都陽光幼兒園有限公司	Corporate significantly influenced by Mr. Yu Jianwu
Shanghai Greenland Property Services Co., Ltd. (“**Greenland Property**”) 上海綠地物業服務公司	Non-controlling shareholder of Songya Service

The English translation of the company name is for reference only. The official names of these companies are in Chinese.

* As at 22 November 2023, Zhizhonghe Industry and its subsidiaries became the related parties.

(b) Key Management Personnel Remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company’s directors as disclosed in note 14, is as follows:

	2024 **RMB’000**	2023 RMB’000
Salaries, allowances and benefits in kind	**2,611**	2,985
Discretionary bonuses	**588**	545
Retirement scheme contributions	**124**	133
	3,323	3,663

Total remuneration is included in “staff costs” (see note 13).

41. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Significant Related Party Transactions

The particulars of significant transactions between the Group and the above related parties for the year ended 31 December 2024 presented are as follows:

	2024 RMB'000	2023 RMB'000
Property management services and the corresponding value-added services:		
(i) Property management services income		
– Xingfu Jian Holdings Group		
– Sundy Land and its subsidiaries	**22,748**	13,792
– Zhizhonghe Industry and its subsidiaries	**43**	7
– Associates and joint ventures of Xingfu Jian Holdings	**9,314**	3,457
– Sundy Yangguang Kindergarten	**86**	86
(ii) Value-added services income from non-property owners		
– Sundy Land and its subsidiaries	**6,264**	13,519
– Associates and joint ventures of Xingfu Jian Holdings	**4,392**	19,581
(iii) Other community value-added services income		
– Sundy Land and its subsidiaries	**688**	555
– Associates and joint ventures of Xingfu Jian Holdings	**872**	677
(iv) Utilities expenses to:		
– Sundy Land and its subsidiaries	**1,290**	377
Hotel business services		
(i) Hotel operation income from:		
– Sundy Land and its subsidiaries	**127**	–
(ii) Variable lease expenses to:		
– Sundy Land and its subsidiaries	**4,546**	4,717
Purchase goods from		
– Zhizhonghe Industry and its subsidiaries	**11**	–
Interest expense to		
– Greenland Property	**84**	84
Financial guarantee contract		
– Commission income from Xingfu Jian Holdings Group	**–**	1,627
Pledge bank deposits to secure the borrowings of		
– Sundy Holdings*	**–**	130,000

* In April 2023, RMB130 million bank deposit was pledge to secure a loan of the Sundy Holdings, the deposit was repaid by Sundy Holdings in June and July 2023.

41. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Significant Related Party Transactions (continued)

(a) Hotel business

The Group leased one hotel premise from Hangzhou Sundy Real Estate Group Co., Ltd. ("**Sundy Real Estate**") (杭州宋都房地產集團有限公司), which is a wholly-owned subsidiary of Sundy Land for its hotel business under lease terms with variable rental payments, which are based on its revenue from hotel operation and rental income, in 2017. According to the hotel lease agreement signed with Sundy Real Estate dated 1 November 2017, the Group is required to pay 15% of the revenue from hotel operation in its first six months of operation, i.e. October 2018, and then 20% of the revenue from hotel operation from the seventh month of operation onwards. In addition, the Group is required to pay 60% of the rental income from 2019 when the Group sub-lets the shops in the hotel premise.

The leasing period is three years commencing from the delivery of hotel premise in October 2018. The agreement was renewed in October 2021 for 10 years with the lease terms unchanged.

41. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Significant Related Party Transactions (continued)

(b) Balances with related parties

	2024 **RMB'000**	2023 RMB'000
Trade related		
Trade receivables		
– Sundy Land and its subsidiaries	**32,464**	104,793
– Associates and joint ventures of Xingfu Jian Holdings	**25,710**	23,209
– Zhizhonghe Industry and its subsidiaries	**80**	–
	58,254	128,002
Trade payables		
– Xingfu Jian Holdings Group		
– Sundy Land and its subsidiaries	**1,674**	377
– Greenland Property	**72**	72
– Zhizhonghe Industry and its subsidiaries	**151**	–
	1,897	449
Contract liabilities		
– Sundy Land and its subsidiaries	**82**	1,194
– Associates and joint ventures of Xingfu Jian Holdings	**–**	1,391
	82	2,585
Non-trade related		
Other receivables		
– Sundy Land and its subsidiaries (Note (i))	**5,150**	5,150
– Joint venture of Xingfu Jian Holdings (Note (ii))	**388**	3,466
	5,538	8,616
Other payable		
– Greenland Property	**2,276**	2,192

Notes:

(i) The balance of other receivables due from Sundy Land and its subsidiaries as at 31 December 2024 includes commission income on financial guarantee of RMB5,120,000 (2023: RMB5,120,000), which is unsecured, interest-free and repayable on demand.

(ii) The balance of other receivables due from joint venture of Xingfu Jian Holdings as at 31 December 2024 and 2023 includes certain performance guarantee deposit of approximately RMB388,000 (2023: RMB3,422,000), which is interest-free and repayable on demand, to secure the quality of property management services provided to Twin Towers Property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) General information of subsidiaries

Company name	Place and date of establishment/incorporation/ type of legal entity	Place of operation	Registered/ issued and paid-in capital	Effective proportion of ownership interest held by the Company	a subsidiary	Principal activities
Hui Du Group Co. Ltd 匯都集團有限公司	British Virgin Islands – Limited liability company 26 October 2017	Hong Kong	Not applicable/ US$50,000	100%	–	Investment holding
Rong Du Group Co. Limited 榮都集團有限公司	Hong Kong – Limited liability company 20 November 2017	Hong Kong	Not applicable/ HK$44,830,000	–	100%	Investment holding
杭州興潤企業管理有限公司* Hangzhou Xingrun Enterprise Management Co., Ltd.	PRC – Limited liability company 28 December 2017	PRC	RMB40,000,000/ RMB40,000,000	–	100%	Investment holding,
杭州宋都物業經營管理有限公司* Hangzhou Sundy Property Management Co., Ltd.	PRC – Limited liability company 8 January 1995	PRC	RMB51,000,000/ RMB51,000,000	–	100%	Property management services in the PRC
杭州頌都會展有限公司* Hangzhou Songdu Exhibition Co., Ltd	PRC – Limited liability company 15 June 2016	PRC	RMB1,000,000/ RMB1,000,000	–	100%	Remodelling and decoration services in the PRC
杭州宋都嘉和酒店管理有限公司* Hangzhou Sundy Jiahe Hotel Management Co., Ltd.	PRC – Limited liability company 24 January 2017	PRC	RMB10,000,000/ RMB10,000,000	–	100%	Hotel management and property agent services in the PRC
杭州鴻都信息工程有限公司* Hangzhou Hongdu Information Engineering Co., Ltd.	PRC – Limited liability company 20 August 2019	PRC	RMB10,000,000/ Nil	–	100%	Information engineering technology in the PRC

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

(a) General information of subsidiaries (continued)

Company name	Place and date of establishment/incorporation/ type of legal entity	Place of operation	Registered/ issued and paid-in capital	Effective proportion of ownership interest held by the Company	Effective proportion of ownership interest held by a subsidiary	Principal activities
寧波奉化宋都物業服務有限公司* Ningbo Fenghua Sundy Property Service Co., Ltd.	PRC – Limited liability company 23 November 2020	PRC	RMB5,000,000/ Nil	–	100%	Property management services in the PRC
杭州宋雅物業服務有限公司* Hangzhou Songya Property Service Co., Ltd.	PRC – Limited liability company 6 May 2019	PRC	RMB5,000,000/ RMB1,000,000	–	50%**	Property management services in the PRC
杭州和瑞商貿服務有限公司* Hangzhou Herui Commercial and Trade Service Co., Ltd.	PRC – Limited liability company 11 August 2021	PRC	RMB5,000,000/ RMB1,000,000	–	100%	Property management services in the PRC
杭州和瑞生活服務有限公司* Hangzhou Herui Living Service Co., Ltd.	PRC – Limited liability company 7 November 2019	PRC	RMB10,000,000/ RMB2,000,000	–	100%	Property management services in the PRC
商丘宋都物業服務有限公司* Shangqiu Sundy Property Management Service Co., Ltd.	PRC – Limited liability company 19 March 2021	PRC	RMB5,000,000/ Nil	–	100%	Property management services in the PRC
吉林宋都物業服務有限公司* Jilin Sundy Property Management Service Co., Ltd.	PRC – Limited liability company 23 June 2020	PRC	RMB1,000,000/ RMB1,000,000	–	51%	Property management services in the PRC
衢州常山宋都物業服務有限公司* Quzhou Changshan Sundy Property Service Co., Ltd.	PRC – Limited liability company 5 August 2021	PRC	RMB5,000,000/ Nil	–	100%	Property management services in the PRC
杭州宋都房地產代理有限公司* Hangzhou Sundy Real Estate Agency Co., Ltd.	PRC – Limited liability company 7 March 2017	PRC	RMB1,000,000/ RMB1,000,000	–	100%	Property management services in the PRC
杭州宋都和美物業服務有限公司* Hangzhou Sundy Hemei Property Management Service Co., Ltd.	PRC – Limited liability company 18 October 2021	PRC	RMB5,000,000/ Nil	–	100%	Property management services in the PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

(a) General information of subsidiaries (continued)

Company name	Place and date of establishment/incorporation/ type of legal entity	Place of operation	Registered/ issued and paid-in capital	Effective proportion of ownership interest held by		Principal activities
				the Company	a subsidiary	
宋都旅港(台州)物業服務有限公司* Sundy Lvgang (Taizhou) Property Management Service Co., Ltd.***	PRC – Limited liability company 11 May 2020	PRC	US$500,000/ US$500,000	–	51%**	Property management services in the PRC
杭州和宏物業服務有限公司* Hangzhou Hehong Property Management Service Co., Ltd.	PRC – Limited liability company 29 July 2022	PRC	RMB21,000,000/ Nil	–	100%	Property management services in the PRC
杭州和錦生活服務有限公司* Hangzhou Hejin Living Service Co., Ltd.	PRC – Limited liability company 30 November 2022	PRC	RMB20,000,000/ Nil	–	100%	Property management services in the PRC
紹興宋都物業服務有限公司* Shaoxing Sundy Property Service Co., Ltd.	PRC – Limited liability company 14 April 2023	PRC	RMB20,000,000/ Nil	–	100%	Property management services in the PRC
杭州和頌城市服務有限公司 Hangzhou Hesong City Service Co., Ltd.	PRC – Limited liability company 14 June 2023	PRC	RMB20,000,000/ Nil	–	100%	Property management services in the PRC

* The official names of these entities are in Chinese. The English names are for identification purpose only.

** Pursuant to the agreement dated 5 May 2019, the Group could control 51% voting rights of the entity and the board of directors, and could control the financial and operating policies of the entity.

*** The subsidiary was disposed of during the year ended 31 December 2024.

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

(b) Summarised financial information on each of the Group's subsidiaries with material non-controlling interests ("NCI")

The summarised financial information below represents amounts after intragroup eliminations.

(i) Hangzhou Songya Property Service Co., Ltd.

	2024 **RMB'000**	2023 RMB'000
Current		
Assets	**31,786**	25,034
Liabilities	**(15,057)**	(17,288)
Net current assets	**16,729**	7,746
Non-current		
Assets	**1,519**	380
Liabilities	**–**	–
Net non-current assets	**1,519**	380
Net assets	**18,248**	8,126
Revenue	**31,354**	18,275
Profit for the year	**10,122**	4,246
Total comprehensive income	**10,122**	4,246
Cash flows (used in)/from operating activities	**(2,306)**	6,898
Cash flows used in investing activities	**–**	(405)
Cash flows from financing activities	**–**	–
NCI%	**50%**	50%
Profit allocated to NCI	**5,061**	2,123
Carrying amount of NCI	**9,124**	4,063

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

(b) Summarised financial information on each of the Group's subsidiaries with material non-controlling interests ("NCI") (continued)

(ii) Sundy Lvgang (Taizhou) Property Management Service Co., Ltd.

	2024 **RMB'000**	2023 RMB'000
Current		
Assets	**–**	8,181
Liabilities	**–**	(336)
Net current assets	**–**	7,845
Non-current		
Assets	**–**	14
Liabilities	**–**	–
Net non-current assets	**–**	14
Net assets	**–**	7,859
Revenue	**1,538**	3,078
Profit for the year	**225**	988
Total comprehensive income	**225**	988
Cash flows from operating activities	**–**	6,088
Cash flows from investing activities	**–**	8
Cash flows from financing activities	**–**	–
NCI%	**49%**	49%
Profit allocated to NCI	**110**	484
Carrying amount of NCI	**–**	3,850

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

(b) Summarised financial information on each of the Group's subsidiaries with material non-controlling interests ("NCI") (continued)

(iii) Jilin Sundy Property Management Service Co., Ltd.

	2024 **RMB'000**	2023 RMB'000
Current		
Assets	**–**	650
Liabilities	**–**	–
Net current assets	**–**	650
Non-current		
Assets	**–**	3
Liabilities	**–**	–
Net non-current assets	**–**	3
Net assets	**–**	653
Revenue	**–**	–
Loss for the year	**(653)**	(4)
Total comprehensive expense	**(653)**	(4)
Cash flows used in operating activities	**(34)**	–
Cash flows used in investing activities	**–**	–
Cash flows from financing activities	**–**	–
NCI%	**49%**	49%
Loss allocated to NCI	**(320)**	(2)
Carrying amount of NCI	**–**	320

43. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at 31 December 2024 and 2023, the directors consider the immediate and ultimate parent to be Sundy Heye Limited and CMB Wing Lung (Trustee) Limited, which are incorporated in the British Virgin Islands respectively. The ultimate controlling party of the Group to be Mr. Yu.

44. EVENTS AFTER THE REPORTING PERIOD

On 27 February 2025, Hangzhou Xingrun Enterprise Management Co., Ltd. ("**Hangzhou Xingrun**"), a subsidiary of the Company, entered into a structured deposit product agreement with China Minsheng Bank Co., Ltd. ("**China Minsheng Bank**"), pursuant to which, Hangzhou Xingrun agreed to subscribe for Gathering-win Exchange Rate – Aggregated structured deposits linked to the euro/dollar exchange rate range (聚贏匯率－掛鈎歐元對美元匯率區間累計結構性存款) ("**China Minsheng Structured Product**") offered by China Minsheng Bank in an aggregate amount of RMB50 million using the internal funds of the Group. The China Minsheng Structured Product has fixed term of 90 days and principal-guaranteed with floating interest rate. The expected maturity interest rate is 1.2153% to 2.1% per annum. Details of the structured deposit product were disclosed in the announcement of the Company dated 27 February 2025.

45. COMPARATIVES

Certain comparative amounts have been reclassified and re-presented to conform to the current year's presentation.

46. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 31 March 2025.